

For: State and County Offices

2010 Compliance Reviews and Spot Checks

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Notice CP-665, issued July 15, 2010, informed FSA State and County Offices that the 2010 Compliance Review and Spot Check list was available and also provided guidance for conducting 2010 compliance reviews and spot checks.

B Purpose

This notice:

- informs State and County Offices of the following:
 - the web address to view and print the list of producers selected for 2010 compliance reviews and spot checks
 - additional guidance for performing 2010 compliance activities, including the following:
 - programs included in the national compliance review process
 - questions to document during compliance reviews and spot checks
 - years to consider when conducting compliance reviews and spot checks
 - recording 2010 spot check results in national compliance review database
- obsoletes Notice CP-665.

Disposal Date	Distribution
March 1, 2011	State Offices; State Offices relay to County Offices

Notice CP-667

1 Overview (Continued)

C 2010 Producer Selection List

The list of producers selected for 2010 compliance reviews and spot checks is posted on the Intranet at <http://fsaintranet.sc.egov.usda.gov/ffas/farmbill/ccc/default.htm>.

The 2010 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
- TIN type ("E", entity or "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 TIN type associated with the selected producer. County Offices shall only review farms, loans, contracts, etc., associated with TIN type selected. If County Offices have concerns about TIN type to spot check, they should contact their State Office Compliance Specialist according to subparagraph 1 D.

D Contact Information

For questions about this notice:

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

Notice CP-667

2 Additional Guidance for Performing 2010 Compliance Activities

A Programs/Activities Included in the 2010 Compliance Review Process

The following is an updated list of programs/activities included in the compliance review process:

- ACRE
- CRP maintenance and practice checks
- DCP
- FSA-578's
- HELC/WC compliance
- LDP's/MAL's
- LFP/LIP
- MILC
- NAP (approved yield and general)
- Supplemental Revenue Assistance Payments (SURE)
- TAP.

B Performing 2010 Compliance Reviews and Spot Checks

County Offices shall follow procedure in 2-CP, Part 3, Section 2.5 when performing compliance reviews and spot checks for the following programs/activities:

- CRP maintenance
- FSA-578's
- HELC/WC
- LDP's/MAL's
- NAP (approved yield).

For all other programs listed in subparagraph A, County Offices shall see **Exhibit 1** that outlines the applicable questions to be documented when performing 2010 compliance reviews and spot checks.

Note: This procedure will be in a forthcoming 2-CP amendment.

Notice CP-667

2 Additional Guidance for Performing 2010 Compliance Activities (Continued)

C Years to Consider When Conducting Compliance Reviews and Spot checks

For FSA-578 spot checks, County Offices shall check the current year FSA-578 and any prior year FSA-578 that has been revised since the last spot check list.

Note: For prior year FSA-578's, County Offices shall ensure that the correct documentation is on file according to 2-CP.

For all other programs, County Offices shall spot check any application/contract that has been approved for payment since the last spot check list.

D Recording 2010 Compliance Review Findings

County Offices shall record findings from 2010 compliance reviews and spot checks in the national compliance review database. Because of modifications, the database is **not** available to load 2010 results. Until further notice, County Offices shall maintain written documentation of all 2010 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 2010 data
- providing survey codes that must be entered for each producer to record 2010 compliance review data.

2010 Compliance Reviews and Spot Check Questions**A ACRE Compliance Reviews**

The following questions shall be documented during ACRE reviews.

- Q1:** FSN spot checked. **Enter actual FSN.**
- Q2:** 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 base acreage on CCC-509 ACRE? **Yes, No, or N/A**
- Q3:** Did the producer accurately report all FAV's planted on base acres for the farm? **Yes, No, or N/A**
- Q4:** If FAV's were planted on base acres on the farm, does 1 of the FAV planting exceptions apply? **Yes, No, or N/A**
- Q5:** If **Yes**, which exception applies? **Double Cropping, Producer History, Farm History, or N/A**
- Q6:** If "Producer History" or "Farm History" was the acre-for-acre payment reduction assessed properly? **Yes, No, or N/A**
- Q7:** If 1 of the exceptions was not applicable, was a planting violation assessed properly for the farm? **Yes, No, or N/A**
- Q8:** Were wind erosion, water erosion, and weeds, including noxious weeds, controlled as required on the applicable farm? **Yes, No, or N/A**
- Q9:** If No, did the producer take corrective action to correct the maintenance default on base acreage? **Yes or No**
- Q10:** 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 N/A**
- Q11:** 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 N/A**
- Q12:** If the farm updated pulse crop base acres, is the pulse crop base established on each tract supported by documentation from 1998 through 2001 supporting the base acres that were added? **Yes, No, or N/A**

2010 Compliance Reviews and Spot Check Questions (Continued)**A ACRE Compliance Reviews (Continued)**

- Q13:** If the farm updated pulse crop yields, does production evidence support production for the 1998 through 2001 crop years? **Yes, No, or N/A**
- Q14:** 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 N/A**
- Q15: Require the Producer on the farm to furnish production evidence to support the FSA-658 Certification.** Does the production evidence support the FSA-658 certification? **Yes or No**

B DCP Compliance Review Questions

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

- Q1:** FSN spot checked. **Enter actual FSN.**
- Q2:** 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 or No**
- Q3:** Did the producer accurately report all FAV's planted on DCP base acres for the farm? **Yes, No, or N/A**
- Q4:** If FAV's were planted on base acres on the farm, does 1 of the FAV planting exceptions apply? **Yes or No**
- Q5:** If yes, which exception applies? **Double Cropping/Producer History/Farm History**
- Q6:** If "Producer History" or "Farm History", was the acre-for-acre payment reduction assessed properly? **Yes or No**
- Q7:** If 1 of the exceptions was not applicable, was a planting violation assessed properly for the farm? **Yes or No**
- Q8:** Were wind erosion, water erosion and weeds, including noxious weeds, controlled as required on the applicable farm? **Yes or No**
- Q9:** If No, did the producer take corrective action to correct the maintenance default on DCP base acreage? **Yes or No**
- Q10:** 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 N/A**

2010 Compliance Reviews and Spot Check Questions (Continued)**B DCP Compliance Reviews (Continued)**

- Q11:** 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, or N/A**
- Q12:** If the farm updated pulse crop base acres, is the pulse crop base established on each tract supported by documentation from 1998 through 2001 supporting the base acres that were added? **Yes, No, or N/A**
- Q13:** If the farm updated pulse crop yields, does production evidence support production for the 1998 through 2001 crop years? **Yes, No, or N/A**
- Q14:** 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 N/A**

C LFP Compliance Reviews

The following questions shall be documented during LFP reviews.

- Q1:** Was a valid signature obtained on LFP application? **Yes or No**
- Q2:** 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**
- Q3:** Did the participant, during the 60 calendar days before the beginning of the qualifying drought or fire condition, own, lease, purchase, enter into a contract to purchase, or was a contract grower of the livestock claimed on the LFP application? **Yes or No**
- Q4:** 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**
- Q5:** Was the number and kind/type/weight range of claimed livestock on the LFP application accurate? **Yes, No, or N/A**
- Q6:** Did all forage information entered on the LFP application meet all eligibility criteria? **Yes or No**
- Q7:** Did the participant suffer an eligible grazing loss on rangeland managed by a Federal agency for which the Federal agency prohibited the producer from grazing the normal permitted livestock because of fire? **Yes, No, or N/A**

2010 Compliance Reviews and Spot Check Questions (Continued)**C LFP Compliance Reviews (Continued)**

- Q8:** Did the participant meet the risk management purchase requirement (RMPR) on all the grazing land, pasture land, or rangeland entered on the LFP application or been approved for a waiver to meet the RMPRs? **Yes or No**
- Q9:** Did any discrepancy result in a refund of LFP benefits? **Yes or No**
- Q10:** If **Yes**, enter requested refund amount \$_____.

D LIP Compliance Reviews

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

- Q1:** Was a valid signature obtained on FSA-914? **Yes or No**
- Q2:** Did the participant timely file a notice of loss? **Yes or No**
- Q3:** Did the participant provide verifiable and/or reliable documentation of livestock deaths claimed on FSA-914? **Yes, No, or Not Available. If No or Not Available, go to Q7.**
- Q4:** 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?
- Q5:** Does the proof of death document support the number and kind/type/weight range of animals claimed on FSA-914? **Yes or No. If No, go to Q13.**
- Q6:** Was FSA-914 approved based on third party certification? **Yes or No**
- Q7:** Did the participant provide FSA-926 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.
- Q8:** Did the participant provide verifiable documentation to support the reasonableness of the number of livestock inventory when the deaths occurred? **Yes or No**

2010 Compliance Reviews and Spot Check Questions (Continued)

D LIP Compliance Reviews (Continued)

Q9: Did the third party who is providing certification provide FSA-926 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/weight range 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?

Q10: 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-914? **Yes or No**

Q11: 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**

Q12: Was the death of claimed livestock the result of an eligible adverse weather event? **Yes or No**

Q13: **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-914? **Yes, No, or N/A**

Q14: For discrepancies, did any discrepancy result in a refund of LIP benefits? **Yes or No**

Q15: **If Yes**, enter requested refund amount \$_____.

E MILC Compliance Reviews

The following questions shall be documented during MILC reviews.

Q1: Name of dairy operation spot checked: **Enter name.**

Q2: Was a valid signature obtained on CCC-580? **Yes or No**

2010 Compliance Reviews and Spot Check Questions (Continued)**E MILC Compliance Reviews (Continued)**

- Q3:** Does the dairy operation meet the definition of an eligible dairy operation according to users State's interpretation of a dairy operation under DMLA-III? **Yes or No**
- Q4:** Did the MILC program participant meet all eligibility criteria? **Yes or No**
- Q5:** Did all production claimed for MILC benefit meet all eligibility criteria including being commercially marketed? **Yes or No**
- Q6:** Did the dairy operation complete CCC-580M to make a change to the dairy operation? **Yes, No, or N/A**
- Q7:** If **Yes**, select types of changes made:
- entity name
 - entity type
 - producer/shareholder
 - reconstitution/merger
 - share percentage
 - start month
 - TIN
 - transfer.
- Q8:** Was verifiable production record received in the County Office for each eligible month before payment was issued to the dairy operation? **Yes or No**
- Q9:** Does production evidence submitted for each applicable month support production entered and paid a MILC benefit? **Yes or No**
- Q10:** 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 the applicable start month selection rules? **Yes, No, or N/A**
- Q11:** If **Yes**, select the applicable start month rule used, from the following:
- 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.

2010 Compliance Reviews and Spot Check Questions (Continued)**E MILC Compliance Reviews (Continued)**

Q12: If participant submitted CCC-580 during the extended signup period (beginning January 22, 2009), did participant make their start month selection according to the applicable start month selection rules? **Yes, No, or N/A**

Q13: If **Yes**, select the applicable start month rule used, from the following:

- 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.

Q14: Did participant complete CCC-580S, CCC-901, CCC-902E, or CCC-902I? **Yes or No**

Q15: If **Yes**, select which form was submitted:

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

Q16: Was evidence provided to confirm that participant is eligible according to the foreign person provisions and rules? **Yes, No, or N/A**

F NAP General Compliance Reviews

The following shall be documented during general NAP reviews: (Findings shall be recorded by unit, crop, type, intended use, practice, and planting period).

Q1: Was the transfer of NAP coverage initiated after the application closing date and before the earlier of the disaster event or end of coverage? **Yes or No**

Q2: For Yield Based Crops:

- did the producer exceed tolerances when reporting acreage or production? **Yes or No**
- if **Yes**, did COC determine the producer eligible or ineligible? **Eligible or Ineligible**

Q3: For Value loss Crops:

- Did the field market value A (FMVA) and field market value B (FMVB) accurately reflect the inventory and value of the crop used for determining loss? **Yes or No**
- If **No**, what was the overpayment or under payment? \$_____.

2010 Compliance Reviews and Spot Check Questions (Continued)

G SURE Compliance Reviews

The following questions shall be documented during SURE reviews.

- Q1:** Were all acres on all farms nationwide reported on FSA-578? **Yes or No**
- Q2:** Are RMA and FSA acres within tolerance? **Yes, No, or N/A**
- Q3:** Was production marketed in the same manner it was shared on FSA-682? **Yes, No, or N/A**
- Q4:** Does harvested production evidence support the quality reduction factor? **Yes, No, or N/A**
- Q5:** Does the participant meet RMPR on all eligible crops? **Yes or No**
- Q6:** If producer elected *de minimis*, do crops meet *de minimis* requirements? **Yes, No, or N/A**
- Q7:** Does inventory evidence match producer’s records for FMVA? **Yes, No, or N/A**
- Q8:** Does inventory evidence match producer’s records for FMVB? **Yes, No, or N/A**
- Q9:** Does reported production match verifiable/reliable records? **Yes, No, or N/A**
- Q10:** Was a valid signature obtained on FSA-682? **Yes or No**
- Q11:** Were there any discrepancies for the participant that would result in a refund of SURE benefits? **Yes or No**
- Q12:** If **Yes**, check (✓) all discrepancy types that apply:

- Not all crops/acres recorded on FSA-578
- RMA acreage did not meet tolerance
- Production not marketed as shared
- Quality reduction not supported by production
- RMPR not met on all eligible crops
- De minimis* election not supported
- Inventory does not support FMVA
- Inventory does not support FMVB
- Reported production does not match records
- Invalid signature.

Enter amount of requested refund:\$_____.

2010 Compliance Reviews and Spot Check Questions (Continued)**H TAP Compliance Reviews**

The following questions shall be documented during TAP spot checks and reviews. Data shall be recorded by stand, applicant's share, and crop.

- Q1:** Was a valid signature obtained on the TAP application? **Yes or No**
- Q2:** Did participant have NAP, crop insurance, or buy-in coverage on all eligible crops?
Yes or No
- Q3:** Did participant meet definition of SDA, limited resource, or beginning farmer or rancher?
Yes or No
- Q4:** Were the losses the result of an eligible natural disaster? **Yes or No**
- Q5:** Did the participant complete all practices for the stand as indicated on TAP application?
Yes or No
- Q6:** Did participant's receipts accurately reflect actual costs incurred for all components of the complete practices? **Yes or No. If Yes**, no further action is required. **If No**, what was the overpayment or underpayment?
- Q7:** Did the participant accurately certify that no other benefit was received from any other Federal program for the same loss? **Yes or No. If Yes**, what was the dollar amount of the other Federal program?