

**For:** State and County Offices

**Crop Disaster Program (CDP) County Office Review (COR) Report and  
Office of Inspector General (OIG) and Independent Audit Findings**

**Approved by:** Deputy Administrator, Farm Program



**1 Overview**

**A Background**

The summary of the COR report and OIG and independent audit findings of the 2001/2002 CDP, have been finalized. The summary in Exhibit 1 is a list of significant common errors and required corrective actions.

- COR report is based on a review of 1,371 applications chosen through a random selection process.
- OIG findings are based on a review of 3 FSA County Offices.
- The independent audit findings are based on a review of 60 CDP payments.

**B Purpose**

This notice provides:

- State and County Offices with a summary of the COR report and OIG and independent audit findings for the 2001/2002 CDP
- followup procedure to ensure that these problems are avoided under the 2003/2004/2005, NC, and VA CDP's.

<b>Disposal Date</b>	<b>Distribution</b>
December 1, 2005	State Offices; State Offices relay to County Offices

## Notice DAP-221

### 2 State and County Action

#### A State Office Action

State Offices shall ensure that:

- DD's and County Offices review and take corrective action according to Exhibit 1
- County Offices are aware of the spot check and review requirements listed in 5-DAP (Rev. 1), Part 11
- DD reviews are conducted in a timely manner under the 2003/2004/2005 CDP to effectively address problem areas during the signup period.

#### B County Office Action

County Offices shall:

- review the summary shown in Exhibit 1
- review 5-DAP (Rev. 1), Part 11
- ensure that the required second-party employee and producer reviews are conducted in a timely manner to avoid the duplication of common mistakes throughout the 2003/2004/2005 CDP signup period.

**COR Report and OIG and Independent CDP Error Findings and Corrective Action**

Column 1 of this table lists the common error findings discovered during reviews of the 2001/2002 CDP. County Offices shall use this list of common errors to uncover deficiencies within the 2003/2004/2005 CDP. Undertake the action listed in column 2 when errors are discovered under the 2003/2004/2005 CDP. County Offices shall **not** conduct additional reviews of 2001/2002 CDP applicants.

<b>CDP Error Findings</b>	<b>Action</b>
<p>Total crop acreage on CCC-750 does not agree with the acreage certified on FSA-578. 5-DAP (Rev. 1), paragraph 70.</p>	<p>Reconcile the difference. If CCC-750 acreage is correct, document the reason and include a copy in the applicant’s CDP folder.</p> <p><b>Example:</b> Some of the prevented planting acres listed on FSA-578 may be ineligible for CDP because of the history requirements. If the corrected CCC-750 results in an overpayment based upon a revised CCC-750, follow the debt collection procedure according to the applicable FI handbooks. Additional disbursements are not authorized.</p>
<p>FSA-578 is not on file for use as eligible acreage source. 5-DAP (Rev. 1), paragraph 70.</p>	<p>Obtain FSA-578 for all uninsured and noninsurable applicants using the late filed procedure in 5-DAP (Rev. 1), paragraph 70.</p>
<p>CCC-466 is not in file. 5-DAP (Rev. 1), subparagraph 276 B.</p>	<p>DD shall complete CCC-468 for at least 10 CDP applicants in each administrative county according to 5-DAP (Rev. 1), paragraph 276.</p>
<p>CCC-750 does not indicate type of loss. 5-DAP (Rev. 1), subparagraph 240, item 7.</p>	<p>Obtain the missing data and enter it on CCC-750. All additions to CCC-750 after the original signature must include initials by the producer and the date of the change next to the item. 5-DAP (Rev. 1), subparagraph 240 B.</p>
<p>The date the crop was planted is not entered on CCC-750. 5-DAP (Rev. 1), subparagraph 240 C, item 11 B.</p>	<p>Obtain the missing data and enter it on CCC-750. All additions to CCC-750 after the original signature must include initials by the producer and the date of the change next to the item. 5-DAP (Rev. 1), subparagraph 240 B.</p>
<p>Description of what has been done with the damaged crop is not entered on CCC-750. 5-DAP (Rev. 1), subparagraph 240 C, item 18.</p>	<p>Obtain the missing data and enter it on CCC-750. All additions to CCC-750 after the original signature must include initials by the producer and the date of the change next to the item. 5-DAP (Rev. 1), subparagraph 240 B</p>
<p>Signature on CCC-570 is accepted without signature authority on file. 1-CM, subparagraph 707 A.</p>	<p>Obtain the required signature authority for the applicant. If authority for signing the CDP application cannot be obtained, overpayment collection procedure shall be initiated.</p>
<p>“Yes” or “No” is not checked on CCC-750 to indicate if another crop was planted on the disaster acreage. 5-DAP (Rev. 1), subparagraph 240 C, item 19.</p>	<p>Obtain the missing data from the producer and enter it on CCC-750. All additions to CCC-750 after the original signature must include initials by the producer and the date of the change next to the item. 5-DAP (Rev. 1), subparagraph 240 B.</p>

**COR Report and OIG and Independent CDP Error Findings and Corrective Action (Continued)**

<b>CDP Error Findings</b>	<b>Action</b>
Date the disaster event occurred is not entered on CCC-750. 5-DAP (Rev. 1), subparagraph 240 C, item 11 C.	Obtain the missing data from the producer and enter on CCC-750. All additions to CCC-750 after the original signature must include initials by the producer and the date of the change next to the item. 5-DAP (Rev. 1), subparagraph 240 B.
CCC-750 does not indicate what disaster event caused the loss. 5-DAP (Rev. 1), subparagraph 240 C, item 11 A.	Obtain the missing data and enter it on CCC-750. All additions to CCC-750 after the original signature must include initials by the producer and the date of the change next to the item. 5-DAP (Rev. 1), subparagraph 240 B.
Cultivation practices are not entered on CCC-750. 5-DAP (Rev. 1), subparagraph 40 C, item 17.	Obtain the missing data and enter it on CCC-750. All additions to CCC-750 after the original signature must include initials by the producer and the date of the change next to the item. 5-DAP (Rev. 1), subparagraph 240 B.
CCC-751 is not on file. 5-DAP (Rev. 1), subparagraph 30 A.	Enabling CDP legislation requires the participant to meet all linkage obligations. Absence of CCC-751 does not eliminate the obligation. If the linkage obligation has not already been satisfied, inform the producer of the linkage obligation specific to their CDP application. 5-DAP (Rev. 1), paragraph 30.
Production is not assigned when acceptable production records are not available. 5-DAP (Rev. 1), subparagraph 130 A.	Assign production according to 5-DAP (Rev. 1), paragraph 130. Complete a manual CCC-750 according to 5-DAP (Rev. 1), paragraphs 242, 243, and 244, as applicable. Initiate the overpayment collection process according to applicable FI handbooks.
Producer is not notified in writing when production is assigned. 5-DAP (Rev. 1), paragraph 134.	DD shall review the production assignment procedures with CED and COC. Document the review in COC minutes. 5-DAP (Rev. 1), paragraph 130.
Production evidence is not date stamped. 5-DAP (Rev. 1), subparagraph 90 D.	Verifiable records shall be dated according to 5-DAP (Rev. 1), subparagraph 90 E. COC shall review reliable records according to 5-DAP (Rev. 1), subparagraph 90 G. The review shall be documented in COC minutes.
Employee review is not completed. 5-DAP (Rev. 1), subparagraph 276 F.	Supervisors shall complete employee reviews on 5 applications per employee from the employee's most recent work to determine quality of work and knowledge of program requirements. 5-DAP (Rev. 1), subparagraph 276 G.

**COR Report and OIG and Independent CDP Error Findings and Corrective Action (Continued)**

<b>CDP Error Findings</b>	<b>Action</b>
No delegation of authority on file for CED to approve routine applications. 5-DAP (Rev. 1), subparagraph 5 C.	Document authority in the next COC meeting minutes. If authority is not granted, the COC must review and act upon all CDP applications.
CCC-750 does not indicate if application has been approved or disapproved. 5-DAP (Rev. 1), subparagraph 240 B.	Payment shall not be issued before CCC-750 documented approval date. Action by COC or their designee shall be checked on CCC-750. 5-DAP (Rev. 1), subparagraph 240 B, item 64 A through C, and the initials and date of this addition.
CCC-526, or other approved statements, is not on file. 5-DAP (Rev. 1), paragraph 31.	Obtain CCC-526 from the applicant. Initiate overpayment collection activity if the certification cannot be obtained or for those unable to meet the eligibility requirements. 5-DAP (Rev. 1), subparagraph 240 A.
CDP payment issued without AD-1026 on file. 5-DAP (Rev. 1), subparagraph 32 A.	Obtain AD-1026 for the applicant covering the disaster payment. Initiate overpayment collection activity if the producer was in violation of highly erodible land conservation/ wetland conservation (HELC/WC) requirements for the CDP year. 5-DAP (Rev. 1), subparagraph 240 A.
Program information is not publicized. 5-DAP (Rev. 1), subparagraph 4 A.	Publicity efforts for the 2003/2004/2005 NC and VA CDP shall be documented in the next COC minutes after the initiation of signup.
Overpayments are not calculated at least every 60 calendar days. 5-DAP (Rev. 1), subparagraph 501 C.	Initiate a system to ensure completion of this required check according to 5-DAP (Rev. 1), paragraph 501.
The incorrect average yield was used to calculate CDP payments. 5-DAP (Rev. 1), paragraph 52.	Average yields, according to 5-DAP (Rev. 1) shall be used to calculate CDP payments.
Insurance indemnity amounts paid to producers by the Federal Crop Insurance Corporation was not input in the system. 5-DAP (Rev. 1), paragraph 347.	As applicable, follow 5-DAP (Rev. 1), paragraph 347.
No evidence existed that a reasonableness review was performed on the CDP payment calculation. 5-DAP (Rev. 1), subparagraphs 451 B and 533 B.	Follow 5-DAP (Rev. 1), subparagraph 533 B.
County Office is unable to locate sufficient documentary evidence to support payment rate changes (cotton).	Follow 5-DAP (Rev. 1), paragraphs 154 G and 249 A, and Exhibit 24.

**COR Report and OIG and Independent CDP Error Findings and Corrective Action (Continued)**

<b>CDP Error Findings</b>	<b>Action</b>
<p>Over and underpayments occurred for producers whose crops were insured by RMA with Group Risk Plan (GRP) and Group Risk Income Plan (GRIP). 5-DAP (Rev. 1), subparagraphs 418 C <b>Exception</b> and 418 E.</p>	<p>Producers are required to provide additional production evidence to support the CDP loss claim. 5-DAP (Rev. 1), paragraph 246 and subparagraph 418 H. Completing CCC-750 on GRP and Dollar Insured Crops can be found in 5-DAP (Rev. 1), paragraph 246.</p> <p>Overpayment shall be corrected according to 5-DAP (Rev. 1), Part 13, Section 4.</p> <p>Underpayments shall be corrected according to 5-DAP (Rev. 1), Part 13, subparagraph 491.</p>
<p>Inadequate timeframe has been issued for employee, second-party, and DD reviews. 5-DAP (Rev. 1), Part 11.</p>	<p>DD's shall perform at least 10 CDP application reviews in each administrative County Office. 5-DAP (Rev. 1), subparagraph 276 B.</p> <p>Second-party reviews shall be performed on all CDP applications before COC approval/disapproval activity. The reviews are conducted by County Office employees not involved in the disaster application that is being reviewed. 5-DAP (Rev. 1), subparagraph 276 D.</p> <p>Supervisors shall conduct 5 employee reviews, per employee, from the employee's most recent work. 5-DAP (Rev. 1), subparagraph 276 F.</p> <p>All reviews shall be filed according to 25-AS, Exhibit 27.6, in file CDP-4.</p>
<p>Producers contracted crops to vendors resulting in no beneficial interest/risk in the crop by the producer. The vendor's contract stated that the producer did not retain title to the crop and could not sell the crop to another outside vendor. Vendor payment to producer was considered to be rent. Producers applied for and received disaster benefits.</p>	<p>Producers must maintain beneficial interest of crops produced when making application for and in receiving disaster benefits. What constitutes an eligible producer shall be reviewed and shall be in compliance of 5-DAP (Rev. 1), paragraph 10 in obtaining disaster benefits.</p>