

For: State and County Offices

Common Errors, Indemnity Transfers, and Payment Limitation

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

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Background

COR has completed its target reviews of CLDAP in County Offices, and as a result of these reviews, several errors were discovered that appear to be widespread. In addition, we have received questions regarding indemnity transfers and payment limitation.

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Purpose

This notice provides the following:

- a list of some of the most common errors discovered during COR target reviews to assist County Offices when reviewing applications to ensure that procedure is being followed
- direction in handling cases, such as transfer of right to indemnities and successor-in-interest insurance forms
- clarification on payment limitation reductions.

<p>Disposal Date</p> <p>January 1, 2000</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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2 County Office Action

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COR Common Errors

County Offices shall review the following common errors discovered by COR to ensure that procedure is being followed according to 1-DAP and that accurate and timely payments are made.

Category	Problem
CCC-502 AD-1026	Eligibility file will not allow payments if CCC-502 and AD-1026 are not approved and on file.
AD-1026	<ul style="list-style-type: none"> • Failed to include all farming interests for the producer. • Was not designated “For Disaster Purposes Only” when applicable. This is a certification for compliance for the previous years. Failure to note “For Disaster Purposes Only” may result in the use of AD-1026 for 1999 and subsequent years.
CCC-540	COC must indicate if approved or disapproved or if review signatures are irrelevant.
CCC-540A	<ul style="list-style-type: none"> • Incorrect data will result in an incorrect payment to the producer. • Missing COC approval or disapproval and signature will result in either of the following: <ul style="list-style-type: none"> • an application that will have to be handled after the upload • no payment being issued. • No producer signature. The producer is certifying to the accuracy of the information on CCC-540A.
CCC-541	Not completed or signed. CCC-541 was designed to ensure that producers are aware of their requirement to purchase crop insurance. Producers that fail to purchase the insurance are subject to liquidated damages. Producers receiving CLDAP payments and not acknowledging their crop insurance purchase requirement greatly compromises FSA’s position when enforcing linkage provisions, applying liquidated damages, or both.
FSA-578D	Missing acres, crop type, intended use, planting date and practice, producer shares, and producer signature. These are required to determine proper payments.
COC Minutes	Failure to thoroughly document basis for maximum loss level, establish a maximum loss level for a crop, or gross revenue cases is a violation of federal regulations and may result in lost NAD appeals and the inability to justify decisions to OIG.
Producer Documentation	<ul style="list-style-type: none"> • Failure to date-stamp photocopied records, missing verifiable evidence of crop share or acceptable evidence of crop existence or disposition, and unauthorized or incorrect representative signature. This results in payments being issued incorrectly. • Certification to incorrect year for gross revenue may result in an ineligible producer receiving payments.

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3 Transfer of Right to Indemnity

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Overview

RMA insurance policies allow a producer to transfer his or her indemnity to a successor. This can occur when a farm is sold during the crop year after the producer purchased insurance. This transfer of right to indemnity or succession-in-interest is accomplished by completing a manual form with the agent. **No** electronic tracking of these transactions is included in RMA files.

Producers with succession-in-interest or transfer of right to indemnity forms must provide a copy to the County Office. COC shall review these forms and determine the correct producer eligible for CLDAP.

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Single-Year

If COC determines that a transfer of right to indemnity has occurred, County Offices shall change the producer entitled to the single-year CLDAP payment using "Cmd16" according to 1-DAP, paragraph 1127.

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Multi-Year

For multi-year CLDAP, if COC determines that a transfer of right to indemnity or a succession-in-interest affects payments or eligibility, County Offices shall use Notice DAP-25, Exhibit 1 to request the ID number to be associated with the producer's application. Once the information is received from RSO, the records can be revised according to 1-DAP, paragraph 1148.

4 Payment Limitation

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Payment Limitation Reductions

All reductions for payment limitations will be made in the automated payment process. Do **not** make adjustments to data on CCC-540 or CCC-540A to reduce payments because of limitation.
