

For: State and County Offices

Potato Diversion Program (PDP) Spot Check Procedures

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

Notice FV-14 provided policies and procedures for PDP, but did not include provisions for completing spot checks.

B

Purpose

This notice provides:

- procedure for completing spot checks
- required documentation for producers who diverted potatoes
- COC action.

2 Spot Check Procedures

A

Spot Checks

County Offices shall spot-check 5 percent, but no less than 1, of all approved FSA-117's to ensure that the program is carried out according to approved policy and procedure. To implement spot checks select 1 out of every 20 potato producers approved for PDP by COB, Friday, August 10, 2001.

Note: If FSA-117 selected has more than 1 method of diversion, spot check each method.

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Disposal Date	Distribution
February 1, 2002	State Offices; State Offices relay to County Offices

Notice FV-17

2 Spot Check Procedures (Continued)

B

Supporting Documentation

County Offices shall have on file the following documentation for producers who diverted potatoes:

- to charitable institutions:
 - approved FSA-117
 - FV-184 or FV-301 inspection certificate
 - bill of lading showing shipment was made
- for livestock feed and ethanol production:
 - approved FSA-117
 - FV-184 or FV-301 inspection certificate
 - name and address of the owner or the person or persons who received the eligible diverted potatoes.

Note: The method for rendering potatoes nonmarketable is not required for spot-check.

C

Verifying Support Documentation

County Offices shall contact recipients of the eligible potatoes and ask the following questions to verify support documentation according to the method of diversion:

- charitable institutions:
 - What was the hundredweight (cwt.) of potatoes received?
 - What date did you receive the hundredweight (cwt.) of potatoes?
 - livestock feed and ethanol production:
 - What was the hundredweight (cwt.) of potatoes received?
 - What date did you receive each individual quantity of potatoes?
 - Were the potatoes processed when they were delivered?
 - Was the producer compensated for the potatoes?
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Notice FV-17

2 Spot Check Procedures (Continued)

D
Completing
Reviews

Complete spot check reviews by COB September 7, 2001. This table explains the action necessary based on results of the review.

IF the review verifies the producer...	THEN...
<ul style="list-style-type: none">• diverted the eligible potatoes between April 13 and June 12, 2001• diverted the certified eligible hundredweight• processed eligible potatoes before diversion• was not compensated for the eligible potatoes	no further action is necessary.
<ul style="list-style-type: none">• did not divert the potatoes between April 13 and June 12, 2001• did not divert to the provided recipients• did not process the potatoes before diversion• was compensated for the eligible potatoes	the producer is not eligible for PDP and the entire payment must be refunded.

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Notice FV-17

2 Spot Check Procedures (Continued)

E COC Determination

If documentation submitted raises concerns or questions about the producer's eligibility COC shall determine if good faith applies and no further action is necessary.

If COC cannot determine good faith and determines that misrepresentation, scheme, or device occurred, the producer is not eligible for PDP and the entire PDP payment must be refunded.

COC's shall use their judgment when determining good faith to ensure that the producer did not intentionally certify incorrectly.

Note: This paragraph does not apply to producers determined ineligible according to subparagraph D.

3 Action

A County Office Action

County Offices shall:

- document results of the spot check on the reverse side of FSA-117
 - notify State Offices of the spot check results after completing all spot check reviews, provide the following information:
 - total number of FSA-117's selected for spot check
 - total number of FSA-117's with discrepancies
 - for FSA-117's with discrepancies only:
 - producer's name
 - discrepancy found
 - COC action
 - dollar amount of refund, as applicable.
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B State Office Action

State Offices shall:

- maintain a file of all spot check reports
 - FAX a memorandum to PSD at 202-690-3307 by September 21, 2001, summarizing the spot check results.
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