

For: State and County Offices

AMLAP-II and AMLAP-III Compliance Requirements

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

All producers who request AMLAP-II and AMLAP-III payments:

- must be in compliance with program requirements
- are subject to spot check.

B Purpose

Previous notices informed State and County Offices that procedures for compliance would be provided in a future notice.

This notice provides procedures for:

- completing spot checks
- required documentation
- COC action.

Disposal Date	Distribution
December 1, 2003	State Offices; State Offices relay to County Offices

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2 Compliance

A Spot Checks

County Offices shall spot check 5 percent of all approved CCC-891's and CCC-891-3's to ensure that the apple operation is in compliance with approved policy and procedure. Use the following procedures to implement spot checks:

- by COB July 28, 2003, select 1 out of every 20 apple operations approved for AMLAP-II
- by COB July 28, 2003, select 1 out of every 20 apple operations approved for AMLAP-III
- by telephone, contact each producer of the selected apple operation to:
 - inform them that a spot check is being completed for the apple operation
 - request supporting documentation, according to subparagraph B, to verify apple production.

B Verifiable Records

Inform the contact producer of the apple operation to provide, within 10 workdays, copies of verifiable production records to support a certification of production.

Verifiable records of production include current records provided by the producer that:

- may be verified by CCC through an independent source
- are used to substantiate the amount of production reported.

Verifiable records shall:

- be dated and correspond with the 2000 crop year
- show the name of the producer or apple operation
- show production for the 2000 crop year.

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2 Compliance (Continued)

C Supporting Documentation

If verifiable records are not available, the producer shall provide any documentation available, including, but not limited to:

- copies of receipts
- ledgers of income
- invoices for custom harvesting
- picking records
- packing house receipts
- payroll records.

Any apple operation that cannot provide the required documentation will be ineligible for AMLAP-II or AMLAP-III.

3 Completing Spot Check Review

A Reviewing County Office Records

County Offices shall review documents available in the FSA office that may provide information or verify production amounts claimed on CCC-891 or CCC-891-3.

These documents may include, but are not limited to:

- RMA records
- Crop Disaster Payments/Noninsured Crop Disaster Assistance Program records (for AMLAP-II)
- FCI-74 (for AMLAP-II)
- acreage report information from the 2000 crop year.

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3 Completing Spot Check Review (Continued)

B Reviewing Documentation

When the supporting documentation is received in the County Office:

- date stamp original, copy and return originals to the contact producer
- review supporting documentation to verify that:
 - apples were produced and harvested during the 2000 crop year
 - total pounds of production equal the 2000 crop year production from CCC-891 and CCC-891-3.

Attach supporting documentation to CCC-891 and CCC-891-3, as applicable.

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3 Completing Spot Check Review (Continued)

C Completing Reviews

Complete spot check reviews for AMLAP-II and AMLAP-III according to subparagraph 2 A after signup, as applicable. This table explains the action necessary based on results of the review.

IF the review verifies the apple operation...	THEN...
<ul style="list-style-type: none"> • was produced and harvested during the 2000 crop year • equals the pounds of apple production reported on CCC-891 or CCC-891-3 • production for all producers involved in the apple operation were reported on CCC-891 or CCC-891-3 • for AMLAP-II only, was not compensated by any other Federal program, except crop insurance for the same market loss 	<p>no further action is necessary.</p>
<ul style="list-style-type: none"> • was not produced and harvested during the 2000 crop year • was compensated by another Federal program for the same market loss 	<p>the apple operation is not eligible for AMLAP-II or AMLAP-III and all payments must be refunded.</p>
<p>was produced and harvested during the crop year reported on CCC-891 or CCC-891-3; however, documentation submitted raises concerns or questions about the apple operation's eligibility and certification</p>	<p>COC must review and determine either of the following:</p> <ul style="list-style-type: none"> • good faith • misrepresentation, scheme, or device.

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3 Completing Spot Check Reviews (Continued)

D COC Determination

If COC:

- determines good faith, refer to subparagraph E
- cannot determine good faith occurred, the producer is not eligible for AMLAP-II or AMLAP-III, all payments must be refunded.

E When to Adjust Applications

Corrections may be necessary as a result of the spot check when the following occurs:

- spot check results in minimal dollar differences
- judgement of good faith was determined by COC.

Use the following table to determine when a refund is required.

IF the correct payment calculation results in a difference...	THEN...
\$9.99 or less	no refund is necessary.
over \$9.99	adjust application based on the corrected information. Producers must pay back entire overpayment. Information in the system must be corrected to reflect correct payment earned.

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3 Completing Spot Check Reviews (Continued)

F Refunds

For apple operations that must refund payments because the apple operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are not paid by the due date, establish a claim according to 58-FI in the normal manner.

Refunds and corrections will be processed through the AS400 when software is available. State and County Offices will be notified when the software is released.

G Misrepresentation, Scheme, or Device

Any person who is determined by STC or COC to have committed any of the following violations shall be ineligible to receive payments under AMLAP-II or AMLAP-III as applicable:

- adopted any scheme or device that tends to defeat the purpose of AMLAP-II or AMLAP-III
- made any fraudulent representation
- misrepresented any fact affecting a program determination.

4 Documenting Spot Check Procedure

A County Office Action

County Offices shall:

- document results of the spot check on the reverse side of CCC-891 for AMLAP-II and CCC-891-3 for AMLAP-III
- notify State Offices of the spot check results at the completion of all spot check reviews indicating the required information in the report as follows:
 - total number of CCC-891's for AMLAP-II and CCC-891-3's for AMLAP-III selected for spot check
 - total number of CCC-891's for AMLAP-II and CCC-891-3's for AMLAP-III with discrepancies

4 Documenting Spot Check Procedure

A County Office Action (Continued)

- for CCC-891's or 891-3's with discrepancies only indicate the required information in the report as follows:
 - apple operation name
 - discrepancy found
 - COC action
 - dollar amount of refund, as applicable.

B State Office Action

State Offices shall:

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

C Maintaining Records

Apple operations requesting payment under AMLAP-II and AMLAP-III shall maintain records for a period of 3 years after the date of the payment to document eligibility requirements are met.