

For: State and County Offices

Updating Payment Eligibility/Limitation Information for Farm Operation Changes

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

**A
Background**

County Operations Review (COR) program reports have been issued for FY 1999 and 2000. The COR program report:

- noted common findings and the occurrence of errors encountered during the reviews
- included suggestions for possible corrective actions.

**B
Purpose**

This notice includes:

- COR program report findings related to payment eligibility/limitation
- suggested corrective actions by State and County Offices.

Disposal Date December 1, 2001	Distribution State Offices; State Offices relay to County Offices
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2 COR Program Report Information

A

Objective and Scope

The objective of the review by COR was to determine whether State and County Offices were following established procedures in 1-PL. The FY 1999 and 2000 COR program report covered many County Offices in numerous States.

B

Findings

Exhibit 1 identifies common findings encountered during the reviews. Among the various findings, the most notable was a change in a farming operation without updating CCC-502. The percentage of County Offices with this finding doubled between FY 1999 and 2000.

C

Conclusions

There was no explanation for the increase in this finding between FY 1999 and 2000. It is the program participant's responsibility to report any changes in their farming operation. However, State and County Offices also have a responsibility to inform all participants in programs subject to payment eligibility and payment limitation provisions of the necessity of reporting any changes.

D

Recommendations

Recommendations were made that included providing annual written notice to all program participants of the requirement to report changes. Additionally, it was recommended the notice should include what types of changes in the farming operation would require CCC-502 to be updated.

In response to these recommendations, a series of corrective actions are suggested to be taken. See paragraph 3.

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3 Corrective Actions

A

County Office Action

County Offices and COC's shall:

- at a minimum, annually advise all program participants of the payment eligibility and payment limitation provisions and their responsibilities according to 1-PL, paragraph 35
 - include information on the types of changes in the farming operation that must be reported and the necessity of reporting such changes, according to 1-PL, paragraph 50
 - review the remainder of the COR report findings in Exhibit 1 and take corrective actions as determined appropriate.
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B

State Office Action

State Offices shall:

- ensure that all County Offices follow the provisions of this notice
 - monitor County Office actions as needed.
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COR Program Report

Payment Limitations

Scope of Review

Reporting Period	Number of County Offices Reviewed	Number of States Covered
FY 1999	101	28 plus the Virgin Islands
FY 2000	257	37

In a standard review of payment limitations, the COR will review applicable CCC-502's encountered during the review of other operations.

Reporting Period	Number of AD-1026's Reviewed
FY 1999	4,179
FY 2000	7,075

Common Findings

Description of Finding	Percent of County Offices With Finding	
	FY 1999	FY 2000
A change in farming operation occurred without an updated CCC-502 being filed. <i>1-PL (Rev. 1), Subparagraph 50 C</i>	25	53
Changes on the photocopy of the previous filed CCC-502 are not initialed by the producer. <i>1-PL (Rev. 1), Subparagraph 50 D</i>	20	15
Producer is not notified of COC payment limitation determination within 60 calendar days after the date the CCC-502 is filed. <i>1-PL (Rev. 1), Subparagraph 463 B</i>	15	9
Notification letter did not include a statement that the determination may be appealed within 30 calendar days of notification. <i>1-PL (Rev. 1), Subparagraph 464 A</i>	28	9
DD has not reviewed a sufficient number of COC payment limitation determinations. <i>1-PL (Rev. 1), Subparagraph 514 B</i>	19	9
Adequate documentation is not on file for COC to make a proper determination. <i>1-PL (Rev. 1), Subparagraph 52 B</i>	28	8
Notification letter does not include the notification to PFC and CRP contract producers, that determinations will remain in effect for the current year and later years unless a change occurs that would affect the determinations. <i>1-PL (Rev. 1), Subparagraph 464 A</i>	28	6
A payment subject to "permitted entity" provisions is paid to an entity based on a person's interest that does not designate that entity for payment. <i>1-PL (Rev. 1), Subparagraph 215 A</i>	17	5
The CCC-503A does not include a short narrative explaining the determining factors in the COC determination. <i>1-PL (Rev. 1), Subparagraph 394 C</i>	18	5