

For: State and County Offices

Sugar Compliance Spot Checks

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Compliance reviews and spot checks are required to ensure the accuracy of payments and integrity of FSA programs. Annually, based on a statistical sampling method, producers nationwide are selected for compliance review and spot check. County Offices are required to complete spot checks and reviews, for various programs and activities in which the selected producers participate for the year, and record the results of the reviews in the national compliance review database.

The National Office has made its selection of producers for 2010 compliance reviews and spot checks. A number of sugar processors with sugar commodity loans were included on the list.

Note: 10-SU will be amended to consolidate the procedure detailed in this notice.

B Purpose

This notice informs State and County Offices with sugar loans of the 2010 compliance review process for sugar commodity loan processors.

C Contact

If there are questions about this notice, State Specialists shall contact DeAnn Allen by either of the following:

- e-mail at deann.allen@wdc.usda.gov
- telephone at 202-720-9889.

Disposal Date	Distribution
February 1, 2011	State Offices; State Offices relay to County Offices

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2 Sugar Commodity Loan Spot Checks

A Processed and In-Process Loans

10-SU, paragraph 86 states the spot-check process for sugar commodity loans. County Offices shall follow 10-SU, subparagraphs 86 B and C for spot-checking all in-process sugar loans outstanding on the date of this notice.

Notes: County Offices are **not** to spot-check any processed sugar commodity loans. DACO is responsible for monitoring quantity and quality of processed sugar commodity loans represented by KC-227's and KC-227-A's.

County Offices will be spot-checking all outstanding in-process sugar loans for the processors on the national compliance spot-check list as of the date of this notice because all new 2010 crop year in-process loans are required to be spot-checked within 15 calendar days after disbursement.

B Verifying Other Required Reviews

County Offices are required to:

- annually verify the eligibility of producers to determine the maximum eligible quantity a sugar processor may put under loan according to 10-SU, paragraphs 62 and 63
- review the producer's annual growers contract with the processors to verify that processors are paying at least the applicable minimum payment to their producers according to 10-SU, paragraph 175
- complete CCC-770 SU-1 and CCC-770 SU-2 according to 10-SU, subparagraph 2 J.

Note: As part of the annual compliance spot check, County Offices shall verify that these required reviews were completed, as instructed, for 2009 crop year sugar loans.

C Recording 2010 Sugar Commodity Loan Spot-Check Results

County Offices shall record findings from 2010 compliance reviews and spot checks in the national compliance review database. Because of modifications, the database is currently **not** available to load 2010 results. Until further notice, County Offices shall maintain written documentation of all 2010 compliance review and spot-check results in the remarks section of CCC-770 SU-1 and CCC-770 SU-2.

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2 Sugar Commodity Loan Spot Checks (Continued)

C Recording 2010 Sugar Commodity Loan Spot-Check Results (Continued)

The National Office will issue a future CP notice informing State and County Offices when the national compliance review database is available for entering 2010 data.

Note: If the selected sugar processors on the national compliance spot-check list are:

- participants in any other CCC or FSA programs, County Offices shall also spot-check the processor on those programs
- **not** participants in any other CCC or FSA program and only made processed loans, follow 2-CP, subparagraphs 322 B and 360 A, step 4, in recording that the producer did **not** participate in the program for the current year. County Offices must still verify that the reviews required in subparagraph B were conducted.

3 Action

A County Office Action

County Offices with 2009 crop year sugar loans shall:

- review Notice CP-665
- determine whether the national compliance spot check list includes any sugar processors with 2009 crop year sugar loans in their county
- follow paragraph 2 for spot-checking these processors.

B State Office Action

State Offices with 2009 crop year sugar loans shall:

- ensure that County Offices follow the spot-check procedure in 10-SU and this notice
- contact PSD with any questions on the spot-check procedure for sugar processors.