

Part 2 Referrals and Investigations

20 Overview

A

Background

County Offices have the authority and responsibility to keep an active watch for potential fraud, waste, and abuse of the Federal Crop Insurance Program. RMA also has the authority to request assistance from FSA in monitoring the Federal Crop Insurance Program. County Offices shall document observations and gather the documentation necessary to validate concerns according to this part.

21 Responsibilities

A

County Office Responsibilities

County Offices shall:

- accept any form of complaint from any complainant as accurately as possible
- keep an active watch for potential fraud, waste, and abuse of the Federal Crop Insurance Program
- document observations and gather the evidence necessary to validate concerns
- honor any request by complainant with regard to confidentiality
- follow timeframes as outlined in this handbook
- follow publicity requirements as outlined in this handbook
- notify producers selected for spot check according to paragraph 41 using the example letter in Exhibit 4
- take specified actions on a case-by-case basis under the direction of the State Office POC
- *--provide details of case specific information or overall program administration concerns, as applicable, to the State Office POC--*
- provide the State Office POC with a year-end summary report of all reviews conducted for the crop year by January 31 of the subsequent year

Note: This will include reviews that result in no questionable findings.

Continued on the next page

21 Responsibilities (Continued)

A
County Office
Responsibilities
(Continued)

- timely provide requested information to insurance providers, agents, and LA’s following procedure in 2-CP, paragraph 508

Notes: Information about AD-2007 referrals and investigations shall not be released to sales agents.

When AD-2007 is requested, the County Office must redact the name of the complainant and any information that could identify the complainant.

- immediately notify the State POC of any request for fact finding received directly from the insurance provider according to subparagraph 75 C.
-

B
SED
Responsibilities

SED is responsible for approving either of the following:

- further inquiry by FSA
 - the referral of the case to OIG when RCO fails to timely respond to or declines to proceed with an investigation according to paragraph 73.
-

C
State Office POC
Responsibilities

The State Office POC or alternate shall:

- serve as the liaison between the County Office and RCO
- ~~provide details of case specific information or overall program administration concerns, as applicable, to the RCO~~
- forward all RCO spot check lists and referrals received from RCO to the applicable County Office
- forward all County Office responses to referrals initiated by RCO back to RCO within the specified timeframe

Note: A list of addresses with States served for each RCO is in Exhibit 5.

Continued on the next page

21 Responsibilities (Continued)

C

State Office POC Responsibilities (Continued)

- be responsible for ensuring that referrals from the County Office are complete and that all necessary documentation is provided
- notify the County Office of County Office-initiated referrals that POC determines are unwarranted and will not be forwarded to RCO
- make initial determination for FSA to conduct its own investigation or refer the case to OIG, subject to SED approval, when RCO fails to timely respond to or declines to proceed with an investigation, according to subparagraph 73 B
- for situations requiring immediate attention, the State Office POC shall coordinate with DD if the County Office POC is unavailable.

Continued on the next page

21 Responsibilities (Continued)

D DD Responsibilities

DD's shall:

- monitor the referral process within their respective district
- assist State and County Offices with the referral process as requested.

E RCO Responsibilities

RCO shall:

- coordinate all referral activities and request for inquiries through the State Office POC
- develop and provide, to:
 - *--FSA POC, spring and fall spot check lists for annual reviews that identify--*
high-risk policy holders on a county basis
 - insurance providers, the spot check list

Note: Ensure that the list only includes those insureds for which the insurance provider has a policy.
- submit referrals involving individual complaints of fraud, waste, or abuse to the County Office through the State Office POC
- review all referrals received from FSA POC and determine whether further investigation is warranted
- evaluate the appropriateness of actions taken by the insurance provider relative to the referred case
- respond to the State Office POC within the specified timeframe for each case referred by POC
- upon conclusion of the review process, provide a written summary of the review results to the State Office POC.

Section 1 FSA Referrals to RMA

22 Types of Referrals to RMA

A Types of Referrals

*--The following are types of referrals of suspected crop insurance fraud, waste, or abuse that may originate:

- internally through:--*
 - a complaint received in the County Office by telephone, letter, in-person, etc., from an individual

Example: Producer Jones contacts the County Office to report that Producer Smith is not caring for the crop in a workmanlike manner.

- observations made by County Office employees or COC members.

Examples: While performing routine FSA compliance activities, it was noted that Producer Smith was using farming practices that were not considered normal or customary for the area.

While verifying production/income for loan making/loan servicing or LDP purposes, a significant discrepancy in data is noted between information provided from crop insurance records and information provided to FSA from the producer.

A field representative, while completing field work, observes a producer initially planting an insured crop after the final planting date.

- *--internal reviews such as, DD and CORP reviews
- external through audits, investigations, or other types of reviews conducted by OIG, GAO, or other outside agencies.--*

23 Accepting Complaints or Documenting FSA Observations

A
Accepting Initial Data

Once a County Office is aware of a suspected fraud, waste, or abuse case, AD-2007, Parts A and B must be completed as follows.

Part	Instructions
A	<ul style="list-style-type: none"> • If the source of the complaint is from an individual, enter the individual’s name and address. If the individual is unknown, enter “Unknown” in item 2A. If the individual is known, but wishes to remain anonymous, enter “Confidential Informant” in item 2A. • If the source of the complaint originates from an FSA employee or COC member, enter the County Office name and address.
B	County Offices shall follow the instructions in Exhibit 6.

Once Parts A and B have been completed, the County Office shall refer to subparagraph B.

B
Verifying Crop Insurance

County Offices shall verify the insurance status of the producer’s crop by contacting the applicable RCO.

IF the producer * * * is...	THEN the County Office shall...
not insured	take no further action. Note: If the information has an impact on FSA programs, thoroughly document findings and follow procedure in the applicable FSA program handbook.
insured	follow Section 3.
--found not to be a producer because the subject of the complaint is deceased or no longer farming	take no further action. Note: Document findings on AD-2007, Part C, item 14.--

24-39 (Reserved)

Section 2 RMA Referrals to FSA**40 Overview****A Background**

RMA has the authority to request assistance from FSA in monitoring producers suspected of fraud, waste, or abuse. The following are the 2 basic types of FSA assistance requested by RCO:

- spot checks of producers identified through RMA data mining or RCO criteria according to paragraph 41
- when additional information is needed to establish the credibility of a complaint or when immediate presence is needed to document evidence before it is destroyed according to paragraph 42.

41 RMA-Requested Spot Checks and RMA-Initiated Complaint Referrals**A RCO Spot Check List**

--RCO shall annually provide, by April 1 for spring-seeded crops and September 1 for fall-seeded crops, to the State Office POC and insurance providers a list of producers:--

- exhibiting high loss ratios, high frequency, and severity of losses
- suspected of poor farming practices.

The triggering factors may vary in each RCO based on types of crops and loss experience. The list will be broken down by State and county and will include the producer's name, policy number, identification number, and crops.

Upon receipt of the spot check list from the State POC, County Offices shall notify all producers on the list using the letter in Exhibit 4.

Refer any producer inquiries about the spot check list to the applicable RCO in Exhibit 5.

County Offices shall conduct reviews according to subparagraph 70 C.

41 RMA-Requested Spot Checks and RMA-Initiated Complaint Referrals (Continued)

B Complaints Referred by RMA

RMA may request FSA assistance when RCO has received a complaint that requires a field visit.

Upon receipt of the request for assistance, County Offices shall conduct the requested fact finding and relay their observations to the State Office POC. Urgent requests need to be responded to without delay. For all other requests, the County Office shall report the information within 14 calendar days.

When immediate action is required, RCO shall telephone the State Office POC. If the State Office POC or alternate is not available, contact may be made directly to the County Office.

In other cases, the request for assistance will be made in writing to the County Office through the State Office POC.

County Offices shall conduct reviews according to paragraph 70.

42-69 (Reserved)

Section 3 Fact Finding and Documentation

70 Review Requirements

A Overview

County Offices may perform spot checks for RCO as a result of:

- individual complaints received by the County Office, State Office, or RCO
- observations noted by FSA employees or COC members
- producers selected from the list provided by RCO.

For spot checks selected for 2005, it is optional for County Offices to include GPS points along with digital photos of each crop identified on the RCO spot check list. For 2006 and subsequent crop years, it is mandatory that County Offices include GPS points along with digital photos of each crop identified on the RCO spot check list.

B County Office Action for Individual Complaint or County Office Observation

For reviews resulting from complaints received by the State Office POC or County Office, or reviews resulting from FSA employee or COC member observations, County Office reviews shall be limited to the specific farm or field in the complaint or observation. AD-2007 shall be completed according to instructions in Exhibit 6.

Note: County Offices must ensure that a sequential FSA tracking number has been assigned and entered on AD-2007 according to subparagraph 72 C for all reviews conducted for RCO.

C County Office Action on RCO Spot Check List

*--For those reviews identified on the RCO spot check list, County Offices shall conduct reviews/spot checks on the larger of the first 10 insured on the list or 5 percent of the insureds on the list. AD-2027 shall be completed according to Exhibit 7.

Note: If less than 10 insureds are identified on the list, all insureds shall be checked.--*

Of those required reviews, County Offices shall conduct a review on a minimum of 1 representative tract, which shall include all fields for all identified crops on the RCO spot check list.

Note: For those producers on the RCO spot check list whose land is physically located in the county receiving the list, but the land is administered by an adjoining County Office, contact the State POC. The producer will be transferred to the administering county RCO spot check list. The administering County Office will be responsible for completing the spot check.

70 Review Requirements (Continued)

C County Office Action on RCO Spot Check List (Continued)

During routine FSA compliance activity, County Offices shall document findings for those insureds identified on the RCO spot check list. These reviews will be specific to only those producers selected for review for FSA purposes and not the process listed under the required RCO reviews.

Examples: Bob Smith's farm will be visited as a result of a commodity loan inspection. Because Bob's name is on the RCO spot check list, the field and/or crop condition shall be documented on AD-2027. The County Office may expand the review to include additional fields and tracts if time permits.

Acreage determinations resulting from the Automated Farm Inspection Selection Register for FSA compliance shall also be used for acreage determinations for producers shown on the RCO spot check list. Producers *--whose crop acreage exceeds tolerance according to 2-CP, paragraph 378--* shall be:

- reported as a finding on AD-2027
- forwarded to RCO POC through the State Office POC.

Although County Offices must meet the minimum number of required reviews and those reviews identified in conjunction with normal compliance activity, County Offices may expand reviews to additional tracts or fields as time or resources permit.

For spot checks selected for 2005 it is optional for County Offices to fill out AD-2027 and (electronically) AD-2045 with digital pictures inserted into the document.

The process of acquiring a digital photo and a GPS point provides a method of transmitting most of the data related to the spot check electronically. Instructional filed sheets were created to assist field staff to conduct the spot checks. The guidelines are found in the following:

- Exhibit 8 for RCO spotcheck growing season inspection guidelines
- Exhibit 8.5 for GPS/digital camera getting set up quick
- Exhibit 8.6 for AD-2045 which is designed to capture the information about the digital photos and the GPS point.

County Offices shall send an e-mail to their State Office POC (Exhibit 11) informing them that AD-2027 has been moved to the server. No digital forms or documents shall be sent through e-mail. All documents will be retrieved from the County Office server.

70 Review Requirements (Continued)

D State Office Action

The State Office POC shall forward all AD-2027's and supporting documentation to the RMA Regional Compliance Office.

E Naming Conventions

The GPS points that are collected during the field inspections shall be stored at **f:/geodata/project_data/fsa/rma/gps_points**.

* * *

GPS points are not needed for the second inspection. Use the GPS points from the first inspection for navigation on the second inspection.

The digital photos that are taken during the field inspections shall be stored at ***-f:/geodata/project_data/fsa/rma/pics**.

If the County Office completes AD-2027 electronically, then the County Office **must** follow standard naming convention to transmit AD-2027's to the RMA Regional Compliance Office through their State Office.

One AD-2027 shall be used for both crop inspections. AD-2027 shall be stored:

- at **f:\geodata\project_data\fsa\RMA\forms**
- with the naming convention **AD-2027_producer name_crop_crop.pdf**.

AD-2045 **must** use the following standard naming convention to transmit the electronic--* documents to RMA Regional Compliance Office:

- **dl_producer name_F#_T#_filed#_crop.doc**.

Note: "dl" = Data Log

70 Review Requirements (Continued)

E Naming Conventions (Continued)

RMA GPS Points

- **rma_F#_T#_field#_p_StCty**

Example: **rma_F1234_T4321_field1_p_mn007** explains it is for the following:

- RMA spot check
- Farm 1234
- Tract 4321
- field 1

Note: If there is more than 1 picture per field, then add “field1a” for the 1st point and “field1b” for the 2nd point in field #.

- point map layer
- Beltrami County, Minnesota.

RMA Digital Pictures

- **rma_F#_T#_field#_y_<sequence-number>**

Examples: rma_F1234_T4321_field1_y_1-2_StCty
rma_F1234_T4321_field1_y_2-2_StCty

*--All layers, shape files, or digital pictures created may have an optional date following “StCty” to assist in differentiating between 1st and 2nd inspections, but “_yyyymmdd” format shall be used.

AD-2027 and AD-2045 must be transmitted to the State Office POC.--*

71 Fact Finding and Documentation

A Fact Finding for Individual Complaints or County Office Observations

For those individual complaints received by County Offices or observations indicating possible fraud, waste, or abuse, fact finding shall be conducted relative to the applicable crop, acreage, and allegation. Fact finding may include, but is not limited to, the following:

- reviewing FSA-578 and map, if applicable
- field visit to conduct growing season inspections, take photographs, observe similar farms, etc.

Notes: If FSA-578 has not been filed, the County Office shall ask the producer to identify the location of planted crops being reviewed.

FSA field representatives completing growing season inspections shall notate on the photocopy where the crop is located.

71 Fact Finding and Documentation (Continued)**A Fact Finding for Individual Complaints or County Office Observations (Continued)**

- verifying production, if applicable, at local elevators, gins, etc.
- reviewing other FSA records, if available, such as LDP records, results of spot checks, disaster program applications, and FLP records
- observing company LA's performing appraisals only on a limited basis when requested by RCO
- for those reviews initiated at the County Office level, submit AD-2007 and all other supporting documentation to RCO through the State Office POC within 14 calendar days from the date the County Office becomes aware of the suspected fraud, waste, or abuse.

B Fact Finding for RCO Spot Check List

The County Office shall perform a minimum of 2 documented field inspections, 1 within 30 calendar days after final planting date and 1 before harvest becomes general in the area.

The inspections shall include the following:

- the kind of tillage methods the insured has carried out
- the kind of weed control practices that are being carried out
- if a current soil test has been taken on any of the insured acreage
- how the inspected crop compares with those in the general area
- the type of fertilizer program being followed
- *--brief explanation of the weather in the past 4 to 6 weeks, the current weather--* conditions, and the expected weather conditions

71 Fact Finding and Documentation (Continued)

B Fact Finding for RCO Spot Check List (Continued)

- brief description of any pertinent remarks
- *--digital photographs of the fields inspected--*

Notes: If FSA-578 has not been filed, the County Office shall ask the producer to identify the location of planted crops being reviewed.

FSA field representatives completing growing season inspections shall notate on the photocopy where the crop is located.

- *--GPS points--*
- for reviews resulting from the RCO spot check list, submit AD-2027 and supporting documentation according to subparagraph B within 5 calendar days after the initial discovery of potential fraud, waste, or abuse. If no fraud, waste, or abuse is discovered, submit AD-2027 and supporting documentation within 5 calendar days after the final inspection.

C Documentation

The County Office shall compile supporting documentation that may include, but is not limited to, the following:

- photocopy of FSA-578 and map, if acreage report has been filed
- field notes
- *--representative digital photographs with an embedded date and time stamp

Notes: For crop year 2005, a digital camera shall be used if available. If a digital camera is unavailable, use a 35mm camera and develop 2 sets of color prints. Maintain 1 set of prints and negatives in the County Office file.

For 2006 and subsequent crop years, use a digital camera.--*

Do **not** use Polaroid cameras.

- other available FSA records applicable to the inquiry
- other documents and items as requested by RCO through the State Office POC.

72 County Office Action

A

County Office Action for Individual Complaints or County Office Observations

Certain actions are required when County Offices are made aware of potential fraud, waste, or abuse as it applies to the Federal Crop Insurance Program. This table briefly summarizes steps for the County Office to follow when dealing with possible fraud, waste, or abuse cases.

--All cases involving late planting of an insured crop either through a complaint or observation shall be forwarded to RCO on AD-2007 regardless of whether a late planting period is offered.--

Step	Action	
1	Document initial discovery of suspected fraud, waste, or abuse according to subparagraph 23 A.	
2	Verify producer's insurance status for the crop or crops in question according to subparagraph 23 B.	
3	IF the crop is...	THEN...
	not insured	no further action is required for RMA purposes. However, if the complaint could affect FSA programs, the complaint needs to be pursued for FSA purposes only.
	insured	conduct fact finding according to subparagraph 71 A.
4	Important: Do not discuss referral of the case for possible fraud, waste, or abuse with the producer. Maintain confidentiality of complainant.	
5	Document results of fact finding efforts according to subparagraph 71 C.	
6	Submit AD-2007 and supporting documentation to * * * the State Office POC within 14 calendar days from the date the County Office becomes aware of the suspected fraud, waste, or abuse. Cases of urgency shall be processed expeditiously.	
7	Perform an additional inquiry as requested by the State Office POC or RCO through the State Office POC.	

Continued on the next page

72 County Office Action (Continued)

B

County Office Action Relating to the RCO Spot Check List

This table briefly summarizes steps for County Offices to follow when performing reviews for those producers selected on the RCO spot check list.

Step	Action	
1	Identify selected insureds from the RCO spot check list according to subparagraph 70 C.	
2	*--Assign tracking number according to subparagraph 72 C.--*	
3	Conduct applicable inspections as outlined in subparagraph 71 B. Note: If a producer on the RCO spot check list claims the crop is not insured, the County Office shall confirm the crop insurance status with RMA through the State POC.	
4	IF the initial review results in...	THEN...
	no finding	*--submit report according to subparagraph 71 B--* and continue to conduct inspections throughout the growing season.
	a finding of potential fraud, waste, and abuse	go to step 5.
5	Document results of fact finding efforts according to subparagraph 71 C.	
6	Important: Do not discuss the specifics or details of the finding resulting from the RCO spot check list with any persons outside FSA or RMA, unless specifically requested according to subparagraph 75 C.	
7	*--Submit AD-2027 and supporting documentation to RCO through the State Office POC--* within 5 calendar days from the date the County Office completes the inspection. Cases of urgency shall be processed expeditiously.	
8	Perform an additional inquiry as requested by the State Office POC or RCO through the State Office POC.	

Continued on the next page

72 County Office Action (Continued)

C**Record Keeping**

County Offices shall:

- *--assign an FSA tracking number for each review regardless of the form used for either County Office initiated or from RCO spot check list
- assign the FSA tracking number, consisting of the State and county codes, crop year, and 4-digit sequential number

Example: SS-CCC-YYYY-XXXX. For the first complaint filed in crop year 2002 in Wilbarger County, Texas, the tracking number assigned by the County Office would be 48-487-2002-0001.

- prepare individual file folders alphabetically labeled "RMPI 3, Producer Folders", for each review for which a tracking number has been assigned
 - include AD-2007 or AD-2027 and a copy of all documentation and--* findings in the file folder including, but not limited to, documentation items listed in subparagraph B
 - log the review on AD-2007A (Exhibit 10)
 - file the log in file folder labeled "RMPI 2-1 Log".
-

73 State Office Action

A Processing Referrals and Spot Checks

*--Upon receipt of AD-2045 and AD-2007 or AD-2027 from the County Office, the State Office POC shall:

- log the referral or spot check on AD-2007A (Exhibit 10)
- ensure that AD-2045 and AD-2007 or AD-2027 are complete--*
- request additional documentation from the County Office, if applicable
- review all facts related to the referral to concur that the referral should be forwarded
- for referrals initiated at the County Office level that are determined to be unwarranted, return the referral and notify the County Office that the referral will not be acted upon
- forward all appropriate referrals to RCO or the insurance provider using overnight mail within 7 calendar days after receipt from the County Office
- forward all spot check results to RCO
- for insurance provider referrals submitted to the State POC according to subparagraph 75 B the State POC shall immediately forward the referral to the applicable County Office.

B Post Referral Inquiry

For all types of referrals, if RCO has not provided a written response that describes intended action of RCO within 5 calendar days after receiving a submitted referral, the State Office POC, with SED approval:

- may determine that FSA will conduct its own inquiry into the alleged fraud, waste, or abuse
- shall notify RCO of the action that will be taken by FSA
- may refer the matter to OIG according to 9-AO if, as a result of the inquiry, FSA concludes further investigation is warranted, but RCO declines to proceed with the investigation.

Note: For those referrals with no findings, a response from RCO POC is not required.

74 RMA Action

A Action

For all types of referrals, upon receipt of AD-2007 and attached documentation from the State Office POC, RCO shall complete this table.

Step	Action			
1	Review referral and determine whether further review is warranted.			
2	Request additional information if necessary.			
3	Within 5 calendar days after receiving the referral, provide a written response that describes the intended action.			
4	IF a review is...	THEN RCO shall...		
	<table border="1"> <tr> <td data-bbox="375 613 618 651">not warranted</td> <td data-bbox="618 613 1479 651">inform the State Office POC in writing.</td> </tr> <tr> <td data-bbox="375 651 618 1178">warranted</td> <td data-bbox="618 651 1479 1178"> determine whether RCO conducts the review: <ul style="list-style-type: none"> • if a referral to the insurance provider is warranted • according to standard operating procedure. • RCO shall prepare a transmittal letter to the company *--including AD-2007. Attach the supporting documentation provided by FSA. Redact out the name of the complainant and any information that may be used to identify the complainant before sending AD-2007 to the company.--* • RCO shall evaluate the appropriateness of the actions taken by the insurance provider and determine whether further review is necessary. </td> </tr> </table>	not warranted	inform the State Office POC in writing.	warranted
not warranted	inform the State Office POC in writing.			
warranted	determine whether RCO conducts the review: <ul style="list-style-type: none"> • if a referral to the insurance provider is warranted • according to standard operating procedure. • RCO shall prepare a transmittal letter to the company *--including AD-2007. Attach the supporting documentation provided by FSA. Redact out the name of the complainant and any information that may be used to identify the complainant before sending AD-2007 to the company.--* • RCO shall evaluate the appropriateness of the actions taken by the insurance provider and determine whether further review is necessary. 			
5	RCO may refer the case to OIG at any time during the process.			
6	At the conclusion of the review process, RCO shall provide a written summary of the review results to the State Office POC.			

75 Insurance Provider Action

A

Referrals to Insurance Providers by RCO

If the review is referred by RCO to the insurance provider, the insurance provider shall:

- perform a field review of the producer
 - take the appropriate action
 - document their actions
 - provide a report back to RCO on results of review and actions taken.
-

B

Referrals to State POC by Insurance Provider

Approved insurance providers may request assistance from the County Office through the State POC in cases where:

- the insurance provider suspects fraud, waste, or abuse
 - RMA has failed to timely respond within 90 calendar days from an initial request made by the insurance provider.
-

C

Request for Information

*--Insurance providers may be given AD-2007 or AD-2027 and all supporting referral documentation. When insurance providers request assistance from FSA, the insurance provider shall request documentation relating to an investigation or referral (AD-2007 or AD-2027) using FSA-426. The company representative requesting information shall provide proof that the insured has a policy with the company. Acceptable proof as indicated in 2-CP, paragraph 508 for the current crop year must be provided. AD-2007 or AD-2027, if it exists, shall not be provided to insurance agents. AD-2007 or AD-2027 is protected against release to third party under 5 U.S.C. Section 552(b)(6) of FOIA. A written statement certifying the producer has a policy with the company is **not** acceptable documentation when requesting a copy of AD-2007 or AD-2027.--*

76-80 (Reserved)