

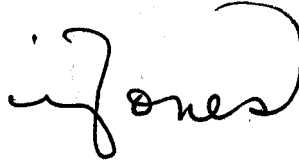
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Crop Disaster Program
5-DAP (Revision 1)**

Amendment 16

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reason for Amendment

Paragraph 735 has been added to provide TIP spot-check procedure.

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734 Filing FSA-573 for TIP Benefits (Continued)**F Acting on FSA-573 for 2005 TIP (Continued)**

FSA-573 is used for multiple programs, and has separate parts for each of the applicable programs. Each part of FSA-573 requires:

- specific information be provided by the applicant
- applicant to certify to specific eligibility criteria, by program
- separate approval or disapproval of each program.

FSA-573 for 2005 TIP shall be approved or disapproved as certified by the applicant. When more than 1 stand is claimed on FSA-573, FSA-573 shall be approved or disapproved based on all stands claimed. Certain stands cannot be approved and other stands disapproved on the same FSA-573.

Before approving FSA-573 for 2005 TIP, the approving official must ensure that **all** eligibility requirements are met, and be satisfied with **all** of the following:

- stand is eligible according to subparagraph 731 C
- applicant incurred expenses equal to or greater than the applicable payment rate associated to the tier
- reasonableness of the acres claimed
- all signature requirements are met.

If all program eligibility requirements are **not** met, or it is determined that the information on FSA-573 for 2005 TIP, or any additional supporting documentation provided by applicant, is **not** accurate or reasonable, the following actions shall be taken:

- disapprove FSA-573
- notify applicant of disapproval
- provide applicant applicable appeal rights according to 1-APP
- thoroughly document reason for disapproval in COC minutes, if disapproved by COC.

--735 TIP Spot-Check Procedure*A TIP Spot-Check Criteria**

TIP spot checks are performed to:

- verify the accuracy of the data certified by the producer on FSA-573
- ensure that all eligibility requirements were met
- determine whether correct payments were issued.

B Selecting 2005 Hurricanes TIP FSA-573's for Spot Check

Spot checks are performed to determine the following:

- stand incurred damage of at least \$90 per acre for replanting, rehabilitation, cleanup, or debris removal, excluding crop production
- whether the producer exceeded AGI limitation
- whether a valid signature was obtained on FSA-573
- losses were wholly because of eligible hurricanes or hurricane-related natural disaster
- the accuracy of **all information** provided on FSA-573 and supporting documentation
- reasonableness of the acres claimed
- costs for replanting, rehabilitation, cleanup, and debris removal were in an amount equal to or greater than the payment per acre for the claimed tier.

Spot checks shall be performed initially on a minimum of 5 percent, not to exceed a total of twenty 2005 Hurricanes TIP FSA-573's in a county for which a payment was generated.

Note: The total percent of FSA-573's initially spot-checked may exceed 5 percent because of required spot checks, such as COC members.--*

--735 TIP Spot-Check Procedure (Continued)*B Selecting 2005 Hurricanes TIP FSA-573's for Spot Check (Continued)**

The National Office shall:

- randomly select 5 percent of all TIP FSA-573's in each applicable county for which a payment was generated to be reviewed by the County Office

Note: A minimum of 5 percent not to exceed twenty FSA-573's per county will be selected. If there are 20 or less FSA-573's in a county, all FSA-573's in the county will be selected.

- provide each State Office with a list, by county, of TIP FSA-573's to be spot-checked.

In addition to the 2005 Hurricanes TIP FSA-573's selected by the National Office, the County Office shall conduct a required spot check of **all** the following 2005 Hurricanes TIP FSA-573's:

- all TIP FSA-573's submitted by Federal and State level FSA employees, including SED, STC members, DD's, their spouse, and minor children

Note: STC alternates and advisors are **not** required spot checks.

- all TIP FSA-573's submitted by county level FSA employees, including CED, COC members, their spouse, and minor children

Note: COC alternates, CMC members, and advisors are **not** required spot checks.

- any TIP FSA-573 for which COC questions the information provided.

STC:

- may establish additional TIP FSA-573's to be spot-checked
- shall thoroughly document justification for additional spot checks in the STC meeting minutes.--*

--735 TIP Spot-Check Procedure (Continued)*C Information To Be Spot-Checked**

For each 2005 Hurricane TIP FSA-573 selected for spot check according to subparagraph B, the County Office shall:

- verify FSA-573 has valid signatures according to subparagraph D
- request evidence to support the AGI certification on CCC-526 when COC has reason to question the certification according to subparagraph E
- review documentation submitted to support estimated or actual costs incurred for replanting, rehabilitation, cleanup, and debris removal according to subparagraph F
- review documentation submitted to support the accuracy of all information provided on FSA-573.

Note: All reviews and findings shall be thoroughly documented in the COC meeting minutes.

STC:

- may establish additional data to be spot-checked
- shall thoroughly document additional data to be spot-checked, and justification for spot checks must be documented in the STC meeting minutes.--*

--735 TIP Spot-Check Procedure (Continued)*D Valid Signature**

Spot checks are performed to determine whether a valid signature was obtained on FSA-573. For each FSA-573 selected for spot check according to subparagraph B, the County Office shall verify that the participant's signature on FSA-573 is acceptable according to 1-CM, Part 25, if applicable.

Note: A discrepancy in a signature is when the participant's signature on FSA-573 is **not** acceptable according to 1-CM, Part 25.

If COC determines that the participant's signature on FSA-573 is **not** acceptable, as determined according to 1-CM, Part 25, COC shall:

- determine the participant ineligible for 2005 Hurricane TIP
- disapprove the participant's FSA-573
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

Note: Calculate the interest amount according to 50-FI.

E AGI Certification

Spot checks are performed to determine whether the participant exceeded AGI limitations. To be eligible for 2005 Hurricane TIP benefits, applicants had to certify that AGI limitations were **not** exceeded by filing CCC-526. A discrepancy is when the individual's or entity's AGI certification is determined to be inaccurate.

COC shall request evidence from the participant to verify that the individual's or entity's certification on CCC-526 is accurate only when there is reason to question the individual's or entity's certification on CCC-526.

Example: Robert Smith certified that he did **not** exceed the AGI limitations on CCC-526. During a spot check of Mr. Smith's fruit tree operation, the County Office discovered Mr. Smith's fruit tree operation was much larger than they had previously thought. In addition, the County Office discovered that Mr. Smith was operating a Christmas tree farm. Based on the new information, COC:

- questions the certification on CCC-526
- requests Mr. Smith to provide evidence to support the certification.

COC shall verify whether the AGI limitations according to 1-PL, paragraph 633 were exceeded.--*

--735 TIP Spot-Check Procedure (Continued)*E AGI Certification (Continued)**

If COC determines that the individual or entity did **not** correctly certify to AGI provisions, COC shall:

- determine the participant ineligible for 2005 Hurricane TIP
- disapprove the participant's FSA-573
- request a refund of the entire payment amount, plus interest
- provide appeal rights according to 1-APP.

F Verifying Costs for Replanting, Rehabilitation, Cleanup, and Debris Removal

Spot checks are performed to determine the following:

- accuracy of the acreage impacted
- estimated costs incurred to replant, rehabilitate, cleanup, and remove debris.

COC shall verify acreage using aerial photography or by farm visit to validate acreage and damage caused by 2005 hurricanes. If aerial photography does **not** allow verification of specific acreage, a farm visit shall be conducted.

Those participants selected for spot check shall be contacted and asked to provide the following:

- verifiable documentation of costs incurred for replanting, rehabilitation, cleanup, and debris removal that are dated after the incident period of the claimed hurricane that caused the destruction

Note: To be considered verifiable, the documentation **must** contain actual information, such as name, telephone number, and address of the contractor performing work or seller of trees.

- certification estimating cost that could have been incurred had practices of replanting, rehabilitation, cleanup, or debris removal been conducted.

Note: COC shall validate certification using rates established for TAP or ECP. All determinations shall be documented in the COC meeting minutes.

A discrepancy is when the participant's costs do **not** equal or exceed the claimed payment rate for the specified tier as indicated on FSA-573.

COC shall handle discrepancies according to subparagraph H.--*

--735 TIP Spot-Check Procedure (Continued)*G Waiver of Spot-Checking Participant's Costs for Replanting, Rehabilitation, Cleanup, or Debris Removal**

To be eligible for TIP benefits, a participant must show they incurred or would have incurred costs equal to or greater than the payment rate associated with the designated tier, and those costs were the result of an eligible hurricane.

In some counties, especially those adjacent to the coast, the kind and scope of damage caused by the applicable hurricane **may** have been such that it is possible to reasonably determine that a substantial number of, if not all, tree, bush, or vine producers in that county suffered a loss equal to or greater than the payment rate for the designated tier. In these counties, requiring each participant selected for spot check to provide evidence of estimated or actual costs incurred **may not** be a productive use of FSA resources.

If STC determines the kind and scope of damage caused by the applicable hurricane was such that it is possible to reasonably determine that a substantial number of, if not all, producers in that county suffered a loss respective of the designated tiers, STC may request a waiver of spot-checking individual participant's estimated or incurred costs.

Note: Only DAFP may approve a waiver for a county.

If STC wants to request a waiver, all of the following must be submitted to DAFP:

- verifiable documentation from independent sources that clearly provides that the applicable hurricane caused **both** of the following:
 - the kind of damage that would result in the loss of trees, bushes, or vines that is typically maintained by tree, bush, or vine producers in the county, such as costs for replanting, rehabilitation, cleanup, or debris removal
 - applicable damage to at least 90 percent of the county

Note: Documentation may include the following:

- newspaper articles detailing the damage in the county
- certification from a CSREES representative in the county
- documents from other Federal, State, or local government agencies detailing the damage in the county
- documents from insurance companies
- vendor records.--*

***--735 TIP Spot-Check Procedure (Continued)**

G Waiver of Spot-Checking Participant’s Costs for Replanting, Rehabilitation, Cleanup, or Debris Removal (Continued)

- cover memorandum that clearly provides the following:
 - county for which a waiver is being requested
 - detailed explanation that warrants approval of a waiver
 - a list of all documents STC reviewed as part of its determination process, including those that may **not** have supported a waiver
 - name and telephone number of all sources contacted to obtain information about the type and level of damage caused by the hurricane
- copy of the STC meeting minutes that thoroughly describes the review process and basis of the determination.

Important: STC shall submit a separate request for each applicable county.

Note: If the county is not approved for a waiver by DAFP, COC shall verify associated costs according to subparagraph F.

H Handling Discrepancies in Claimed Losses

County Offices shall handle applicable discrepancies according to this table.

IF the total payment amount calculated based on the spot check findings is...	THEN COC...
less than the payment amount issued by no more than \$200	<ul style="list-style-type: none"> • may determine the producer made a good faith effort to fully comply without an explanation from the producer • may not request any refund, provided COC determines the producer made a good faith effort to fully comply.
less than the payment amount issued by more than \$200, but no more than \$500	<ul style="list-style-type: none"> • may determine the producer made a good faith effort to fully comply without an explanation from the producer • shall, provided COC determines the producer made a good faith effort to fully comply, request a refund of the difference between the amount issued and the amount calculated based on the dollar value of the next lower level tier.

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***--735 TIP Spot-Check Procedure (Continued)**

H Handling Discrepancies in Claimed Losses (Continued)

IF the total payment amount calculated based on the spot check findings is...	THEN COC...
less than the payment amount issued by more than \$500, but no more than \$1,000	<ul style="list-style-type: none"> • shall notify the producer of the discrepancy and request an explanation of inaccurate certification • shall, provided COC determines the producer made a good faith effort to fully comply, request a refund of the difference between the amount issued and the amount calculated based on the dollar amount of the next lower level tier.
less than the payment amount issued by more than \$1,000 any amount, and COC does not determine the producer acted in good faith	<ul style="list-style-type: none"> • shall determine the participant ineligible for 2005 Hurricane TIP • shall notify the producer of the discrepancy and that their TIP application has been disapproved • shall request a refund of the entire program amount, plus interest • shall provide appeal rights according to 1-APP.

Example: Producer A had 10 acres of citrus located in Tier II that was impacted by Hurricane Katrina. Producer A certified that the estimated cost for cleanup and debris removal exceeded the \$300 rate for Tier II. Upon completing the spot check, it was determined that Producer A only incurred \$2,500 in actual cost. If good faith is determined, Producer A will be required to refund \$1,000 based on the recalculation of payment based on Tier III's rate.

Initial TIP payment:	10 acres x Tier III rate of \$300 =	\$3,000
Spot check determined costs incurred \$2,500		
Recalculated TIP payment:	10 acres x Tier II rate of \$200 =	<u>\$2,000</u>
	Refund	\$1,000

Once **all spot checks are completed**, the County Office shall notify the State Office of their findings.

Important: FSA-573 and payment software is closed. Therefore, County Offices shall follow the procedure in 67-FI, Part 4 if overpayments have occurred.

Note: If during the spot check process it is determined that the producer incurred more cost than the applicable tier level, no action shall be taken to issue additional funds.--*

--735 TIP Spot-Check Procedure (Continued)*I Required Additional Spot Checks**

If 20 or more of the 2005 Hurricanes TIP FSA-573's spot-checked according to subparagraph B have 5 percent or more discrepancies:

- the County Office shall contact the State Office to obtain additional FSA-573's to spot check
- the State Office shall contact the National Office to obtain additional FSA-573's in the county for which a payment was generated to be reviewed by the County Office.

Example: The County Office completed spot checks of FSA-573's selected according to subparagraph B. A total of twenty FSA-573's were spot-checked. The County Office discovered 1 discrepancy on twenty FSA-573's.

Because 1 discrepancy was discovered on twenty FSA-573's spot-checked, the County Office shall contact the State Office to obtain additional FSA-573's to spot check.--*

736-800 (Reserved)

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		Text
AD-1026A	Supplemental to AD-1026		32
CCC-184	CCC Check		Text
CCC-36	Assignment of Payment		35, 851
CCC-37	Joint Payment Authorization		35, 851
CCC-458	RMA Compliance Referral Worksheet	278	71, 132, 284
CCC-466-1	Crop Disaster Program Compliance Worksheet	281	282, 287
CCC-467	Crop Disaster Program Second Party Review Worksheet	276	
CCC-468	2003, 2004, and 2005 Crop Disaster Program District Director Review Worksheet	276	
CCC-471	Non-Insured Crop Disaster Assistance Program (NAP) Application for Coverage		30, 1002
CCC-502	Farm Operating Plan for Payment Eligibility Review		34, 240, 702
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		31, 240, 735
CCC-552 CITRUS	2005 Hurricane Citrus Disaster Program		Part 17
CCC-552 F&V	2005 Hurricane Fruit and Vegetable Disaster Program		Part 17
CCC-552 NURSERY	2005 Hurricane Nursery Disaster Program		Part 17
CCC-552 TROPICAL	2005 Hurricane Tropical Disaster Program	1037	Part 17

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-552E CITRUS	Citrus Estimated Calculated Payment Report		1074, 1123, 1130, 1170, 1176
CCC-552E F&V	Fruit and Vegetable Estimated Calculated Payment Report		1114, 1123, 1130, 1170, 1176
CCC-552E NURSERY	Nursery Estimated Calculated Payment Report		1094, 1123, 1130, 1170, 1176
CCC-576	Notice of Loss and Application for Payment Noninsured Crop Disaster Assistance Program		718, 839
CCC-750	2003, 2004, and 2005 Crop Disaster Program Application	241	Text, Ex. 2
CCC-750A	2003, 2004, and 2005 Crop Disaster Program Payment Calculation Worksheet (Yield Based Single Market Crops)	242	151, 154, 240
CCC-750B	2003, 2004, and 2005 Crop Disaster Program Payment Calculation Worksheet (Yield Based Multiple Market Crops)	243	152, 154, 181, 240
CCC-750C	2003, 2004 and 2005 Crop Disaster Program Payment Calculation Worksheet (Value Loss Crops)	244	240
CCC-750D	2003, 2004, and 2005 Crop Disaster Program Calculation of 95% Cap and Net Disaster Payment	248	240
CCC-750E	Statement of Calculated Payment Amounts - Producer Summary Report		525
CCC-750E-1	Statement of Calculated Payment Amounts - Single Market Crops		529
CCC-750E-2	Statement of Calculated Payment Amounts - Multiple Market Crops		529
CCC-750E-3	Statement of Calculated Payment Amounts - Value Loss Crops		529
CCC-750M	2003, 2004, and 2005 Crop Disaster Program for Multiple Crop - Same Acreage Certification	247	72, 240, 402
CCC-751	2003, 2004, and 2005 Crop Insurance and/or Noninsured Crop Disaster Assistance Program (NAP) Coverage Agreement	30	240