

For: State and County Offices, CMA's, DMA's, and LSA's

**FY 2004 Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP)
County Operations Review (COR) Findings**

Approved by: Deputy Administrator, Farm Programs



1 FY 2004 COR Final Report MAL and LDP Findings

A Background

The FY 2004 COR Final Report has been completed. The report includes several common findings concerning MAL's and LDP's. COR reviewed 121 County Offices in which 977 MAL's and 841 LDP's were reviewed.

Note: A finding is defined as a procedural error applicable to a specific operation or program reported during FY 2004 County Office reviews.

COR FY 2004 Final Report disclosed that County Offices that were reviewed are not:

- initialing CCC-677-1 to indicate that the measurement service will be used as final production evidence
- receiving adjusted gross income certification before issuing the market loan gain or LDP
- ensuring that a second party review of the eligibility requirements is completed before disbursing MAL or LDP
- ensuring that the quantity requested is reasonable for MAL or LDP
- date-stamping the production evidence when it is received
- recording LDP number on the manual LDP request forms, CCC-633 LDP, and CCC-709.

Disposal Date	Distribution
September 1, 2005	State Offices; State Offices relay to County Offices and FAX to CMA's, DMA's, and LSA's

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1 FY 2004 COR Final Report MAL and LDP Findings (Continued)

B Purpose

This notice provides State and County Offices the following:

- an overview of COR findings while reviewing MAL's and LDP's
- policy and procedure handbook references for each finding reported by COR.

2 COR Findings for FY 2004

A Measurement Service

Finding: CCC-677-1 is not initialed to indicate whether measurements are to be used for production evidence.

Policy: 8-LP, Exhibit 7, paragraph C, item 32 instructs the producer to initial and date within 30 calendar days of completing the measurement service, whether or not the measurements will be used for production evidence for the requested loan or LDP.

B AGI Certification

Finding: LDP is issued without AGI certification.

Policy: 8-LP, subparagraph 105 A includes AGI as information needed for each individual or entity requesting LDP or market loan gain. Refer to 1-PL for additional AGI policy.

C Second Party Review

Finding: Second party review of eligibility requirements is not conducted before LDP is disbursed.

Policy: 8-LP, subparagraph 136 A instructs County Offices to have a second party review of eligibility requirements performed before disbursing a loan or LDP.

D Reasonable Quantity

Finding: CCC-633 LDP does not indicate if quantity requested is reasonable.

Policy: 8-LP, subparagraph 307 B, Part C in the Instructions for Completing CCC-633 LDP, instructs County Offices to indicate if the quantity requested is reasonable by completing CCC-633 LDP, item 27.

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2 COR Findings for FY 2004 (Continued)

E Date-Stamping Production Evidence

Finding: CCC-633 LDP is not date-stamped.

Policy: 8-LP, subparagraph 535 L instructs County Offices to date-stamp and write the County Office name on the original evidence, except for warehouse receipts, before copying.

F Recording LDP Number

Finding: LDP number is not entered on CCC-633 LDP.

Policy: 8-LP, subparagraph 307 B, item 9 instructs County Offices to enter APSS-assigned LDP number or assigned 90000 series LDP number, if prepared manually, on CCC-633 LDP.

3 Action

A State Office Action

State Offices shall continue to train and ensure that County Office personnel have a thorough understanding of MAL and LDP program requirements before administering and disbursing MAL's or LDP's to producers.

District Directors shall continue to monitor on a monthly basis County Office activities and provide results of findings to SED and STC.

B County Office Action

County Offices shall:

- continue to follow all policy and procedures in 8-LP
- refer to State Office personnel for clarification of MAL and LDP program requirements
- ensure that all required forms and documents are obtained and approved before disbursement of MAL or LDP.