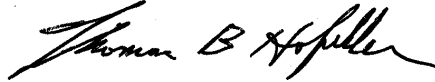


For: State and County Offices

Announcing Upcoming Accounting Initiatives

Approved by: Associate Administrator for Operations and Management



1 Overview

A Background

OMB Circular A-123, Appendix A reviews conducted for FSA’s County Office operations require corrective actions for deficiencies. Recommendations included new automated system controls and associated accounting initiatives designed to strengthen internal controls within FSA and mitigate the risk for erroneous payments. County Release No. 655 will contain many of these initiatives, and is scheduled to be mailed December 1, 2008. Farm Program payment processing and collection activity will be disabled for approximately 3 business days while the payment centralization software components are migrated to the production servers.

Note: If a collection is received during the disabled time, use manual CCC-257 to send the payment to the local depository (LD) or lockbox and record the collection when the system is again available.

B Purpose

This notice:

- announces the upcoming accounting initiatives
- provides a brief description of the changes taking place
- includes the projected timeline for payment processing to resume.

Note: Forthcoming FI notices will provide detailed instructions on each of the accounting initiatives.

C Contact

State Offices with questions about this notice should contact Debbie Simmons by either of the following:

- e-mail at debbie.simmons@wdc.usda.gov
- telephone at 703-305-1309.

Disposal Date	Distribution
June 1, 2009	StateOffices; State Offices relay to County Offices

Notice FI-2872

2 Payment Centralization Through the National Payment Service (NPS)

A What is Payment Centralization

Payment centralization will route all Farm Program payment requests initiated through the System36/AS400 to the web-based NPS application. FSA will no longer issue CCC-184's in the Service Center for any payment. Check disbursements will be issued by a Treasury check within 3 days of electronically signing the payment request in NPS. Automated clearinghouse entries (ACH's) will continue to be disbursed through the Federal Reserve Bank directly into the recipient's account at a financial institution within 2 days of electronically signing the payment request.

B Centralization of Disbursement Transaction Statements

Disbursement Transaction Statements will be printed in a centralized location and mailed to the payment recipient. State and County Offices will no longer mail the Disbursement Transaction Statements. The Disbursement Transaction Statements have been redesigned to provide additional detail information for the customer. One statement will be generated per day for each Service Center the customer had payments issued in.

County Offices will no longer be required to file a copy of the Disbursement Transaction Statement in the customer's file.

Note: County Offices can view the payment information for a customer through financial inquiries. See 1-FI for instructions on using financial inquiries.

C Forced Check Indicator When Check Must be Mailed to County Office

Based on individual program necessity, payment centralization includes a new option to have a check made out to the program participant, but mailed to the County Office address. This option is referred to as a "Forced Check Indicator" and is limited to specific programs or specific circumstances.

D Alternate Payee Indicator

Payment centralization provides the option for a program application to set an "Alternate Payee Indicator" when a check must be addressed to a payee other than the customer who earned the payment. This indicator is limited to specific programs and specific circumstances.

E Removing Blank CCC-184's

A forthcoming FI notice will provide instructions for disposing of blank CCC-184's. Until those instructions are provided, State and County Offices should continue to store the blank CCC-184's in a secured and locked location.

Notice FI-2872

3 Web-Based On-Line Payment (OLP) Application

A What is the OLP Application

OLP is a new web-based application to replace the nonautomated check writing function on the System 36. Payment codes found in 1-FI, Exhibit 5 will be initiated through OLP and payment requests routed to NPS to complete the payment processing.

B OLP Corrections

OLP will support modifications to the payment amount after the payment has been signed in NPS, rather than requiring that the payment be canceled and re-entered correctly. If the modification results in an overpayment, a receivable will be established for the amount of the overpayment. If the modification results in an underpayment, an additional payment will be issued for the amount of the underpayment.

4 Enhancements to Financial Services

A Requirement for Second Party Verification

Establishing assignments, joint payments, and direct deposit elections will require second party verification of the information when the data is not entered directly by the customer. While the second party verification is an additional step, it is necessary to meet stricter internal control requirements. Those offices not having 2 persons on duty may have another State or County Office employee perform the second party verification. Employees are not limited to entering data for their own county.

B Customer Notification of Changes to Banking Information

When a customer's banking information is changed, the notification of the change will be mailed to the customer from a centralized location. This will allow the customer to verify the accuracy of the change, and contact the County Office if the change was not properly recorded.

C Direct Name and Address Feed from SCIMS

When a customer is loaded in SCIMS, the information will become immediately available to Financial Services. County Offices will not have to wait several days for the information to replicate to SCIMS and to Financial Services.

D Financial Institution for Direct Deposit Not Loaded in Other Name and Address

The Other Name and Address file will no longer be used. A financial institution will no longer have to be entered into the Other Name and Address file before establishing a direct deposit. Financial Services will validate the bank routing numbers based on a data base provided by Treasury.

Note: Financial institutions must continue to be loaded in SCIMS with a proper tax ID if the financial institution is receiving a payment as an assignment.

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5 Timeline for Accounting Enhancements and Related Actions Needed

A County Release No. 655 Installation

County Release No. 655:

- will be sent by FedEx Overnight Priority on December 1, 2008
- shall **not** be installed until December 4, 2008.

If a County Office installs the release before December 4, 2008, the County Office will be locked out of making all farm program payments.

On December 1, 2008, State and County Offices will be locked out of issuing payments through the System 36 nonautomated checkwriting application, if the program is subject to e-funds control. An example of a nonautomated payment subject to funds control is 2006 and prior DCP payments. On December 4, 2008, State and County Offices will be locked out of all payment processing and collection activity, and shall begin installing County Release No. 655.

Note: FLP activity will not be locked-out. However, if a FLP collection to be recorded on CCC-257 is greater than the amount due from the customer, the collection shall not be recorded until the system is again available because the refund cannot be issued.

B Web Applications

The associated web applications and services will begin migration to production servers on COB December 3, 2008.

C Financial Activity

All Farm Program financial activity will be locked on December 4, 2008. It is anticipated that financial activity may resume on December 9, 2008, if the majority of offices have successfully installed County Release No. 655. Financial activity will not resume at an office until that office has successfully installed County Release No. 655.

D Proactive Measures That Should be Taken

It is critical that County Release No. 654 is installed before December 4, 2008, to install County Release No. 655 on December 4, 2008. To successfully install County Release No. 655 and resume financial activities, each office should:

- report any hardware or software issues immediately
- perform daily start-of-day and end-of-day processes on the AS/400
- ensure adequate staffing to handle installation on December 4 or 5, 2008.

State and County Offices are encouraged to notify customers of the potential delay in payments, and that if the customer does not receive payments by ACH, future check payments will experience a small delay because of mailing time.