

United States Department of Agriculture



Natural Resources Conservation Service
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TO: SED's, All State FSA Offices
State Conservationists

FROM: Robert Stephenson *Robert Stephenson* for Robert Stephenson
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MAY 19 2004

SUBJECT: EQIP – Questions and Answers from April 14-15 Conference Calls

Attached please find the questions and answers presented during or as a follow-up to the joint EQIP conference calls held on April 14-15. Please note that where applicable, responses refer to the joint memorandum, Subject: EQIP – FSA and NRCS Responsibilities for FY 2004, dated April 20, 2004.

Also attached please find two process flow charts which reflect the processing procedure outlined in the joint memorandum for the CCC-1200 and the CCC-1245, respectively.

File this joint memorandum with the current EQIP manual.

Attachments

EQIP Joint Conference Call
QUESTIONS AND ANSWERS
April 14-15, 2004

8:00 a.m. EDT - Eastern Time Zone States

- Q1. Where can we find the definition of agricultural producer? We need to know whether horse operations are eligible for EQIP.
- A. See current EQIP Manual, Section 515.61 b, center column of the chart. Under the provision, "Other livestock or animals that contribute to significant natural resource concerns as determined by the State Conservationist . . ." horse operations other than for food or fiber may be authorized in your State as determined by the State Conservationist with the advice of the State Technical Committee.
- Q2. How are payments to Technical Service Providers (TSPs) issued and recorded?
- A. FSA records TSP obligations in the contract software, and NRCS issues payments to TSPs. Although there are future plans to authorize TSP payments using ProTracts software, at this time NRCS will need to authorize TSP payments manually. Provide the obligation information to FSA. FSA records the TSP obligation using special codes to ensure it is kept separate from FA payment records.
- Q3. Can the determination of producer eligibility be delegated by the COC?
- A. Yes. See current EQIP Manual, Section 515.118 l, Delegations of Authority.
- Q4. In the FY 2004 Joint Memorandum under Local NRCS Office, Contract Administration, the 5th bullet provides to issue the initial notification letter for a producer refund according to FSA Handbook 1-FI, Part 8. NRCS does not have FSA Handbook 1-FI. Where can they obtain a template for the letter?
- A. State FSA office should provide a copy of Handbook 1-FI, Part 8 to the State NRCS office. In addition, NRCS NHQ program staff have requested that the letter be included in ProTracts.
- Q5. When will the revised EQIP manual be issued?
- A. Due to necessary reviews and clearances, the revised EQIP manual will not be issued for at least 2 months. State, local, and county offices can expect to utilize the revised EQIP manual to prepare for implementing EQIP in FY 2005.
- Q6. What instructions should county FSA offices use in accepting and processing CCC-502's for EQIP? Instructions contained in Notice PL-115 have not been incorporated into Handbook 1-PL, and the notice is obsolete.

- A. Until either provisions are incorporated into Handbook 1-PL or the notice is reissued, continue to follow the provisions of Notice PL-115. The provisions continue to be applicable for EQIP.
- Q7. In the FY 2004 Joint Memorandum under State FSA Office, the 7th bullet provides that "allocations shall be based on the final amounts." We do not understand what is meant by final amounts.
- A. The SED and State Conservationist need to agree on a date by which the practices and costs for those practices contained in conservation plans of operations selected for contracts during that ranking period shall be final for all contracts. The allocation distribution list that the State NRCS office provides to the State FSA office shall be based on those final amounts.
- Q8. What is the intent of the 7th bullet?
- A. The intent is to streamline workload for both agencies at the county and local level. Requiring conservation plans of operations to be finalized by a mutually agreed upon date will reduce redundant work for both the NRCS planner and the county FSA office that records the contract data.
- Q9. What if changes are subsequently needed in the contract amounts due to errors or omissions, including during the fiscal year in which the contract was approved?
- A. If any additional funds need to be added to a contract after contract approval, a supplemental contract must be prepared in the FSA system. Because of the payment limitation controls in the software, no funds can be added to a contract after the contract approval date is recorded in the FSA system, even during the fiscal year in which the contract was approved.
- Q10. What about initial amounts: is the amount locked in when it is initially recorded by FSA?
- A. No. The amount of funds obligated to a contract is "locked" when the contract approval date is recorded.
- Q11. Last year, when the amount to be obligated to a contract increased after contract approval was recorded but during the fiscal year in which the contract was approved, county FSA offices were able to cancel the initial contract and create a new contract in the system for the revised total amount. Can they still do this rather than create a supplemental contract?
- A. Yes. However, if the initial contract is cancelled and a new contract created, the county FSA office must maintain manual records in order to identify the reason the initial contract was cancelled. Supplemental contracts will automatically contain

the original contract number plus an alphabetical suffix. (e.g. contract number 20041000A)

10:00 a.m. EDT - Central Time Zone States

Q12. We understand that per the April 20, 2004, Joint Memorandum, contract signatures of the producer and NRCS must be obtained on the FSA system-generated CCC-1200. Whose responsibility is it to get the contract signatures?

A. NRCS.

Q13. We have already taken 900 EQIP applications in our State using the ProTracts CCC-1200, and the applications include the producers' contract signatures. Must we get contract signatures again from all those producers on the FSA-generated CCC-1200?

A. Yes.

Q14. We do not understand why FSA cannot record obligations using signatures obtained on the ProTracts CCC-1200. It looks the same as the FSA-generated CCC-1200.

A. The difference is not in the cosmetic appearance of the documents, but in the systems which generated the documents. ProTracts is not an approved accounting system and is not electronically connected to FSA's automated system. For FY 2004 EQIP, funds are maintained, payment limitation controlled, and validations contained in the FSA system. In order to ensure financial integrity, the agencies have agreed that contract signatures must be obtained on the FSA-system generated CCC-1200.

Q15. Can FSA record obligations from ProTracts generated CCC-1200?

A. No.

Q16. Until the revised manual is issued in final, what procedure is to be used?

A. State and county FSA offices and State and local NRCS offices shall continue to follow procedure contained in the current EQIP Manual, First Edition, 440-V-CPM, March 2, 1999, as amended by the annual joint memoranda.

Q17. In our State, for FY 2004 we have already obtained all producer signatures on the ProTracts-generated CCC-1200 in both blocks 7 and 10. Are you saying that we must now go back to all those producers and obtain contract signature in Block 10 on the FSA system-generated CCC-1200? Why?

A. Yes. For the explanation, see answer to Q14 above.

- Q18. For CRP applications, only 1 signature is required. What is the reason that EQIP applications require all signatures by the end of the ranking period?
- A. All signatures are required so that FSA can timely determine the eligibility of all producers on the application. NRCS needs to know whether producers are eligible before developing the EQIP conservation plan of operations.
- Q19. In the FY 2004 Joint Memorandum under County FSA Office, Accepting Applications, page 4, the 1st bullet states, "Access and process CCC-502." However, according to FSA Notice PL-115, no CCC-502 needs to be submitted if the producer is an individual who is applying for EQIP only. Is our understanding correct?
- A. Yes.
- Q20. For accepting ProTracts-generated CCC-1245's with NRCS electronic signatures, does FSA still need to have signature on file?
- A. Yes. The names and original signatures of NRCS officials authorized to sign CCC-1200 and CCC-1245 either manually or electronically must be on file in the applicable county FSA offices.
- Q21. Are you saying that NRCS must obtain the producer's signature for EQIP 3 times: on the application, on EQIP conservation plan of operations, and again on the contract?
- A. No. NRCS must obtain the producer's signature twice: once on the application (CCC-1200, Block 7) and again on the filled-in, FSA-generated CCC-1200 contract, Block 10. Signatures on the EQIP conservation plan of operations are no longer required. However, we strongly recommend that NRCS review the finalized conservation plan of operations with the applicant before it is recorded in FSA's system.
- Q22. We will be signing the ProTracts CCC-1245 in our State. Since the FSA CCC-1245 that contains the control number must be attached, can FSA generate CCC-1245's containing only the participant's name and address and the control number?
- A. No.
- Q23. Several software enhancements have recently been issued to county FSA offices, including the ability to develop supplemental contracts and a change that allows Native American multi-county contracts to be recorded. Will procedure be issued for these enhancements?
- A. Notice CONSV-92 provides instructions for developing supplemental contracts.

Another CONSV notice is being prepared which will include instructions for Native American contracts, recording producer eligibility, and the enhancements to the Applications Received Report. This notice should be issued in the near future.

Q24. When FSA records Technical Service Provider (TSP) technical assistance, does this amount count toward the \$450,000 payment limitation?

A. No. FSA uses technical practice codes in the 900 series to record practices for which a TSP is providing technical assistance. The FSA system does not include practices carrying these codes in the payment limitation calculation.

Q25. Which agency issues TSP payments?

A. NRCS.

3:00 p.m. EDT - Mountain and Pacific Time Zones, Alaska and Hawaii

Q26. Can electronic signatures be accepted for major modifications?

A. No. Major modifications require new signatures on the CCC-1200. Contract signatures, including modifications, must be obtained on the FSA system-generated CCC-1200.

Q27. In the FY 2004 Joint Memorandum under County FSA Office, Accepting Applications, page 4, the first note states that in the future the Application Received Report (EEB710-R001) will include a flag for producer eligibility. When will the flag be available?

A. The capability was included in county release 536, issued April 26, 2004. Instructions will be included in a CONSV notice that is being prepared and will be issued in the near future.

Q28. In the conference call, we were told the producer eligibility flag will default to "N" and the date the county FSA committee determined the producer eligible must be entered to change the flag to "Y." What about applications that were recorded in the FSA system before county release 536 was loaded?

A. The producer eligibility determination date must be entered for all applications recorded in the FSA system. Until a determination date is recorded, the report will default to "N," indicating to NRCS that the producer has NOT been determined eligible.

Q29. There was a recent modification to the NRCS appeals manual that we understood changes EQIP appeals jurisdiction from FSA to NRCS. Is this correct?

- A. No. As required by the Federal Crop Insurance Reform and U.S. Department of Agriculture Reorganization Act of 1994, jurisdiction for adverse determinations made for programs under Title XII of the Food Security Act of 1985, including NRCS technical and non-technical determinations, continues to rest with FSA. EQIP is a Title XII program.
- Q30. We have already taken applications using the ProTracts CCC-1200. Is it necessary to have producers sign another application using the FSA CCC-1200?
- A. No. Producer applications (CCC-1200 signed in Block 7) may be submitted on any CCC-1200, including the ProTracts or Internet CCC-1200.
- Q31. May the EQIP conservation plan of operations be the AD-1155 that is generated by Toolkit?
- A. Yes.
- Q32. Does the producer need to sign the EQIP conservation plan of operations? If so, is a facsimile signature sufficient?
- A. See Q&A 22 above. Signatures on the EQIP conservation plan of operations are no longer required. If your State determines to require signatures on the EQIP conservation plan of operations, the AD-1155 version should be used for this purpose. By signing the EQIP contract, the participant is agreeing to implement the practices specified in said contract on the land specified. Thus, there is not an additional need for a separate signature on the plan of operations.
- Q33. Will the FSA system contain all practices this year? Last year FSA was unable to record several practices approved by NRCS in our State.
- A. All NRCS practices that have approved national standards and specifications have been programmed into the FSA system. Some States have requested new practices that have not been issued an approved national standards and specifications code. Such practices cannot be recorded in the FSA system. In cases where a new practice has been recently approved and FSA has not yet loaded the new practice into System 36, NRCS must identify a similar substitute approved practice for the EQIP conservation plan of operations. Once the new practice is added to the FSA database, NRCS will need to modify the contract to add the correct practice code. Approximately 4 weeks are needed for FSA to load a new practice into the FSA database once informed of a new approved practice code by NRCS at the national level.
- Q34. The deadline for regional equity funds to be obligated is May 3. Can we get an extension?

- A. The deadline was revised to be 30 days following the date funds were received by the State FSA office.

Additional Q&A's and Make-up Call

Q35. Has there been any change to the policy and procedure for prompt payment interest since the FY 2003 conference calls? Only reference I have seen is Q&A No. 11 in the March 11, 2003, joint memorandum.

A. No, there has been no change.

Q36. In the FY 2004 Joint Memorandum under State NRCS Office, page 8, the 6th bullet talks about reallocation of funds for any FY 2003 contracts approved by NRCS but not recorded in the FSA system. How are we going to reallocate those funds back to the county FSA office, and how will they pay those contracts? Will it be like an EOA or some other type of procedure?

A. The procedure referenced in that bullet was provided to State FSA and NRCS offices in the joint memorandum, Subject: LTP - EQIP Authority for Reallocation and Correction of FY 2003 Financial Assistance for Contracts Approved, But Not Recorded by September 30, 2003, dated October 9, 2003. All FY 2003 reallocations were to have been completed by October 31, 2003.

Q37. During the conference call, you stated that the ProTracts CCC-1200, Block 1 must contain the administrative county, not the physical location county. Will ProTracts automatically populate this block with data from SCIMS (Service Center Information Management System)?

A. Yes.

Q38. The ProTracts CCC-1200 contains the practice data populated from Toolkit. Can NRCS just enter this data onto the FSA CCC-1200 by hand?

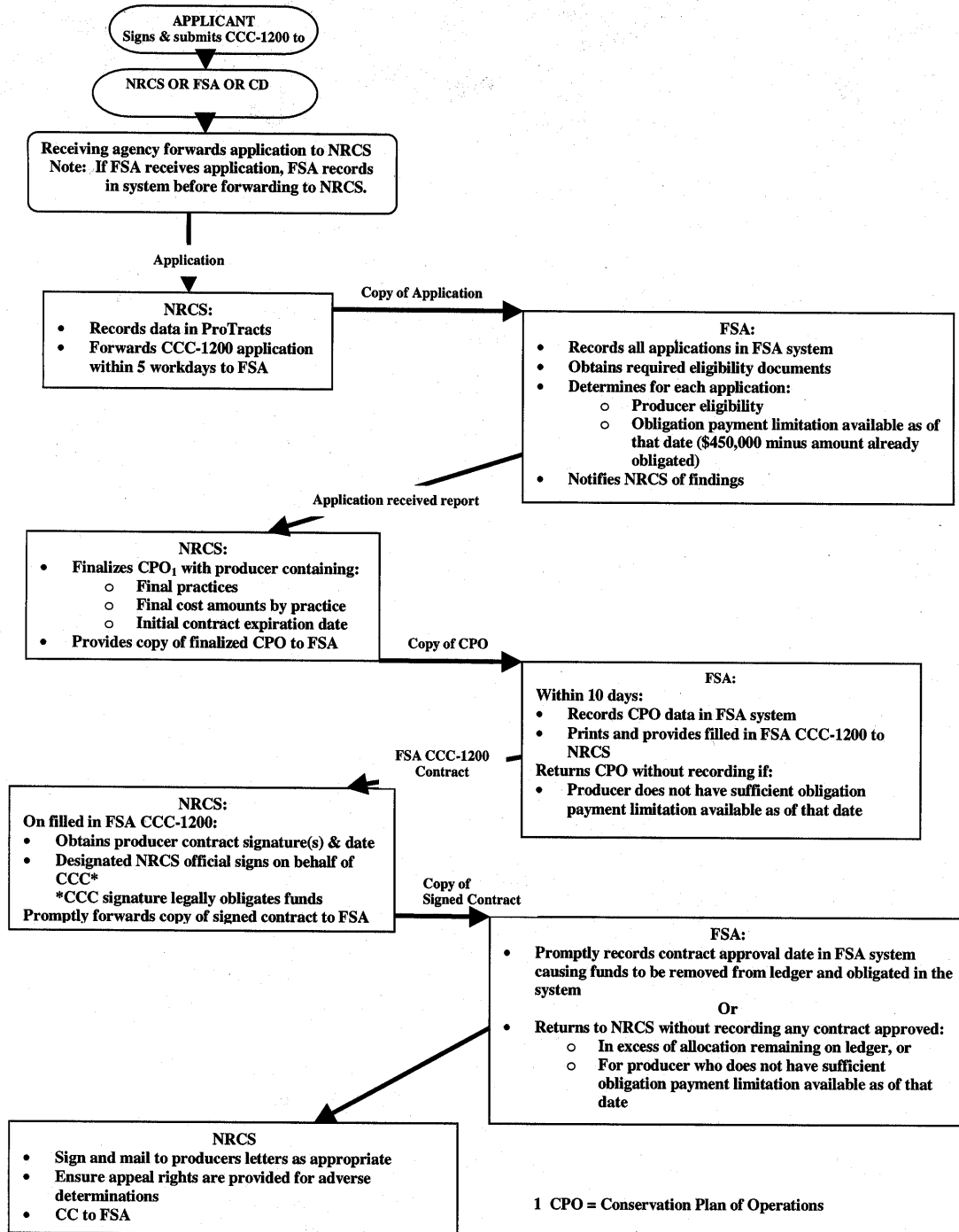
A. No. Provide the EQIP conservation plan of operations to FSA, who will enter the information into the FSA system and print the filled-in FSA CCC-1200. This is the document on which contract signatures should be recorded.

Q39. In the FY 2004 Joint Memorandum under County FSA Office, Accepting Applications, page 4, the 1st bullet states, "Access and process CCC-502." However, as we read FSA Handbook 1-PL, subparagraph 16 B, no CCC-502 is needed if the producer is applying for EQIP only. The transmittal to 1-PL Amendment 41 provides that subparagraph 16 B was amended to remove reference to a "person" determination as applicable to EQIP, and CCC-502's are used to make "person" determinations.

- A. Your understanding is only partially correct. For EQIP contracts entered into after the 2002 Farm Bill, CCC-502 for "person" determinations is not required. However, CCC-502 continues to be required for all EQIP applicants except individuals for information gathering purposes. Entity member shares and Social Security Numbers (SSNs) must be entered in the FSA automated system for all EQIP applications, and this information is obtained on the CCC-502. See Notice PL-115. Although Notice PL-115 is obsolete, the procedure remains current. We have been advised that the procedure will be incorporated into Handbook 1-PL within the next 30 days.
- Q40. If a producer does not submit required documentation for county FSA committee to determine producer eligibility by the end of the ranking period and the application is deferred, does the producer have appeal rights?
- A. No.
- Q41. Does NRCS continue to note the natural resource concern and livestock related practices on the CCC-1200 in pen and ink?
- A. Yes. FSA will load this information into the FSA system when conservation plan of operations information is loaded.
- Q42. If an owner signs the CCC-1200 for zero share and the operator fails to carry out the contract, is the owner jointly and severally liable for refund of payments and cost recovery?
- A. No. Signatories to the EQIP contract are liable according to their contribution to the contract. In this case, the owner who signed for zero share will be responsible for zero refund and cost recovery.
- Q43. We are confused about signatures on the CCC-1200 application. How many signatures are required on the CCC-1200, Block 7 by the end of the ranking period -- all producers that want to participate on the contract or just one? Why?
- A. All signatures. See Q&A No. 19.
- Q44. County FSA offices in our State are receiving completed conservation plans of operations from NRCS but no funds have been allocated to counties. Is the county FSA office able to generate a filled-in CCC-1200 without an allocation in the system?
- A. Yes.
- Q45. Should NRCS sign a contract on behalf of CCC before the funds allocated to that contract are received in the county FSA office?

- A. No. A contract should not be approved until it is confirmed that sufficient funds are available to fund the contract.
- Q46. We are confused. In the FY 2004 Joint Memorandum under County FSA Office, Contract Requirements, page 4, the 8th major bullet, it says that if sufficient contract obligation is not available to fund the contract, do not record it. On page 5, the 1st bullet says to ensure that obligations in excess of allocations or available producer obligation limitation are not recorded in the system. Are "contract obligation," "allocations," and "available producer obligation limitation" the same thing?
- A. No. "Allocations" means the amount of FY 2004 EQIP or Ground & Surface Water Conservation or Klamath Basin funds allocated to the county FSA office and available to be obligated to contracts by September 30, 2004. "Contract obligation" and "available producer obligation limitation" mean the same thing. These terms refer to the amount of that individual or entity's \$450,000 aggregate payment limitation remaining available to be obligated to an EQIP contract. An amount equal to that individual or entity's share of any EQIP contract approved beginning in FY 2002 is deducted from \$450,000 when the approved contract is recorded in the FSA system.
- Q47. We understand that ProTracts CCC-1200's contain a contract number automatically generated by the system. FSA CCC-1200's also contain a contract number generated by the FSA system. However, the numbers are different. Which is the official contract number?
- A. The contract number on the FSA system-generated CCC-1200 is the official EQIP contract number. We were advised by ProTracts developers that a software release called Build 76, posted on April 19, 2004, changed the ProTracts software so that the contract number no longer automatically generates in ProTracts, and the contract number field is left blank. Users must enter the FSA contract number. For ProTracts applications taken on CCC-1200's printed before the software release, cross out the ProTracts-generated number and write in the FSA contract number on the application

CCC-1200 PROCESSING PROCEDURE



CCC-1245 PROCESSING PROCEDURE

- FSA provides to NRCS a CCC-1245 at the beginning of the FY in which practice is scheduled to be performed.
- FSA's CCC-1245 includes the Control Number
- NRCS Technician completes CCC-1245:
 - If FSA generated, complete certification of partial or final practice performance, extent performed in Block 13F, and manually sign & date Block 16
 - If ProTracts generated, record in Block 13F and use electronic signature & date in Block 16
- Producer certifies CCC-1245 by checking Blocks 18, 19, and signs & dates Block 27 and provides all pertinent documentation to NRCS
- NRCS calculates amount earned and fills in Block 13G

No Modification

Minor
Modification

Modification

If:
Funds recorded in Block 13G are less than or equal to approved funds in 13E

Then:
Complete the CCC-1245.

If:

- Funds recorded in Block 13G are more than the approved funds in 13E and sufficient funds remain in contract,

Then:

- Provide FSA with Minor Modification to Plan of Operations.
- FSA will record Mod and update their system and issue revised CCC-1245

- If insufficient funds remain in contract to fully fund last practice, payment of remaining funds may be approved
- Request EOA funds from NRCS SO for balance of payment
- If EOA funds approved:
 - Provide FSA with Mod to Plan of Operations for recording
 - FSA issues CCC-1245 to NRCS

- NRCS completes either FSA or ProTracts generated CCC-1245:
- Block 25 authorizing payment is **signed** (not initialed) on behalf of CCC by hand or electronically, by Designated Conservationist whose name & original signature has been provided to county FSA office
 - Provide to FSA completed FSA CCC-1245 or ProTracts CCC-1245 **stapled** to FSA CCC-1245 which contains control number.

- FSA:
- Return to NRCS without issuing payment any CCC-1245 containing inaccurate or incomplete data, or approval of payment to a producer that is not a party to contract, or signed in Block 25 approving payment in an amount exceeding the amount approved in Block 13E
 - Ensure producer is eligible to receive payment according to AD-1026
 - Process requests for assignment of payment, as applicable
 - Record performance in system, which will electronically create payment
 - Issue payment