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TO: SED's, All State FSA Offices
State Conservationists, All State NRCS Offices

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SUBJECT: EQIP - FSA and NRCS Responsibilities for FY 2002

The Environmental Quality Incentives Program (EQIP) Memorandum of Understanding and FY 2002 Reimbursable Agreement have been signed by the Administrator, FSA and the Chief, NRCS. These two documents reflect the cooperation, expectations, and responsibilities between FSA/Commodity Credit Corporation and NRCS in implementing EQIP and the agreement for reimbursement for services provided during FY 2002, respectively.

Tasks outlined in this joint memorandum apply to *all existing and new contracts*, as applicable, and supersede the relevant sections of the current EQIP manual. State FSA and NRCS offices shall ensure that copies of this memorandum and our June 27 and July 18 memoranda are timely provided to NRCS field offices, county FSA offices, and county FSA committees. File all three memoranda with the current EQIP manual.

FSA Responsibilities:

Because FSA services are reimbursed, FSA employees are authorized to perform for EQIP only the tasks outlined in the reimbursable agreement or as otherwise provided in the applicable statute. For FY 2002 EQIP, FSA is responsible for the following tasks:

National FSA Office:

- Provide consultation regarding policies, procedures, regulations, manuals, national program priorities, funding decisions, and allocations to States
- Provide leadership and guidance for FSA offices on FSA activities in EQIP
- Develop user requirements and program, test, issue, and maintain software to support EQIP activities

- Issue allocations to State FSA offices for initial allocations, reallocations, and EOA's as requested by NRCS NHQ
- Maintain National EQIP ledgers
- Receive notification of State-approved EOA's and adjust National ledgers
- Ensure funds are obligated to EOA reserves, as applicable
- Ensure prompt data entry and reports, as applicable, as requested by NRCS

State FSA Committee:

- May participate on State Technical Committee regarding EQIP policy. This is a nonreimbursable item.
- Hear and issue determinations for reconsiderations and appeals for which FSA made initial adverse determination. This is a nonreimbursable item.

State FSA Office:

- SED may participate on State Technical Committee regarding EQIP policy. This is a nonreimbursable item.
- SED provide leadership for FSA activities in EQIP in the State
Implement administrative processes and procedures relating to:
 - Maintaining EQIP records in system
 - Financial performance reporting
 - Financial matters, including allocation and program accounting
- Interpret National policy and procedure for FSA offices
- Draft and publish State supplemental policy and procedure, if applicable
- Maintain State allocation ledgers, including FY 2002 initial allocation EOA reserve
- Issue allocations to county FSA offices based on receipt of CCC-357 and/or written NRCS instructions, as applicable, including:
 - Initial allocation
 - 2nd allocation
 - Approved reallocation of funds, including LHHS funds
 - Approved EOA's
 - Approved increased obligations
- Oversee county allocation management, including resolving discrepancies
- Control aggregate payment limitation for participants with farming interests in more than 1 State
- Prepare case files for and present appeals before State FSA committee for which FSA made initial adverse determination. This is a nonreimbursable item.
- Represent FSA in mediation and before NAD for appeals. This is a nonreimbursable item.

County FSA Committee:

- May participate on Local Work Group regarding EQIP policy. This is a nonreimbursable item.
- Make person determinations for FY 2002
- Determine producer eligibility, including whether there has been a violation of landlord/tenant provisions

NOTE: If FSA determines producer does not meet eligibility requirements, FSA is responsible to notify producer of this FSA decision. Ensure appeal rights are provided according to Handbook 1-APP.

- Hear and issue determinations for EQIP reconsiderations and appeals according to Handbook 1-APP. This is a nonreimbursable item.

County FSA Office

- CED may participate on Local Work Group regarding EQIP policy. This is a nonreimbursable item.
- Update county eligibility tables
- CED ensure effective working relationship and workflow with NRCS are maintained
- Accept applications and receive applications accepted by NRCS. Record in system.
 - Obtain signatures and other missing information on applications, as needed
 - Verify and, as necessary, establish farm records
 - Verify signature authorization (Power of Attorney), as necessary
 - Accept and process CCC-502
 - Accept and process AD-1026. Determine whether producer has violated HELC or WC provisions and, if so, notify NRCS.
 - Determine whether land offered for EQIP is enrolled in CRP and notify NRCS
 - After recording applications in system, provide to NRCS
- Generate and provide to NRCS Applications Received Report (EEB710-R001) on a weekly basis for each application period
- Receive and record allocations
- Maintain ledgers to provide funds tracking of allocations and obligations
- For initial FY 2002 allocations, upon receipt of the July 18 joint memorandum determined the amount of unobligated funds on the ledger and provided this information to the Designated Conservationist
- Receive contract support document from NRCS and record in system only conservation practices but not components

- As requested by NRCS, provide the amount of unobligated balance available on the ledger. NRCS will minimize number of times requested.
- Receive approved contract from NRCS and record initial expiration date and contract approval date in system
- Ensure that obligations in excess of allocations are NOT recorded in system. Promptly notify NRCS office approving any obligation in excess of allocation and STO that such transaction cannot be recorded.
- As agreed by local offices but no later than December 31, 2002, transfer official files for all EQIP contracts to NRCS. FSA office may wish to retain copies of documents provided by NRCS to record data in the system and/or issue payments. These copies, however, are NOT the official files.
- Delineate land enrolled in EQIP on aerial photography or GIS common land unit
- Create CCC-1245's at the beginning of the FY in which practice is scheduled to be performed and provide to NRCS
- As requested by NRCS before signing CCC-1245 if actual expenses exceed estimated expenses, provide the amount of funds remaining on the contract
- Receive from NRCS completed CCC-1245 including certification of partial or final performance, extent performed, amount earned, and signature in block 25 authorizing disbursement of funds
- Certify authority to the signature of NRCS in block 25 of CCC-1245 by verifying against list and original signature on file
- 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
- For new and revised FY 2002 contracts, after certification of final performance of last practice or if contract expiration date is otherwise revised, receive from NRCS a copy of CCC-1200 with revised expiration date and record in system
- Beginning with all FY 2002 contracts, maintain \$450,000 aggregate payment limitation by individual and entity

NOTE: Until software is developed, maintain manually.

- Control aggregate payment limitation for participants with farming interests in more than 1 county
- Resolve any ledger discrepancies
- Notify NRCS and STO promptly of any funds remaining unobligated on ledger

- When issuing CCC-1245, record any contract modifications in system according to documentation received from NRCS
- Record succession-in-interest contracts in system, according to documentation received from NRCS
- Record increased contract obligations including approved EOAs in system as notified by State FSA office. EOAs apply to CCC-funded contracts only (FY 1997 - FY 2002 first allocation contracts)
- Prepare case files and participate in hearing for reconsiderations and appeals before county FSA committee and in mediation sessions. This is a nonreimbursable item

NRCS Responsibilities:

This memorandum clarifies that NRCS is responsible for the following tasks:

National NRCS Office

- Provide overall leadership and guidance for implementation of EQIP
- Consult FSA regarding policies, procedures, regulations, manuals, national program priorities, funding decisions, and allocations to States
- Work closely with FSA to ensure automated system supports EQIP activities
- Notify FSA in writing of all the following:
 - initial and 2nd allocation distribution
 - allocations for approved 1999, 2000, and 2001 EOAs
 - administrative redistributions, as needed

State NRCS Office

- Prepare and process case files for all of following:
 - Requests for funds from National reserve for 1999, 2000, and 2001 Errors, Omissions, and Appeals (EOAs) and submit to NRCS NHQ. Notify FSA of approved amount to be allocated
 - Requests from FY 2002 initial allocation funds for 1997 and 1998 EOAs and notify State FSA office of amount to be allocated
 - Requests for funds from State reserve for FY 2002 initial allocation contract EOAs and notify State FSA office of amount to be allocated

NOTE: FY 2002 2nd allocation funds cannot be used to fund EOAs for any previous year contract, including FY 2002 1st allocation

- Determine distribution for FY 2002 2nd allocation funding and notify NRCS NHQ
- Process each request for reallocation of funds for any FY 2002 contract approved by NRCS but not recorded in FSA automated system by COB September 30. Notify FSA STO of each approved reallocation in order that funds may be reallocated to applicable county and contract. Inform National NRCS office in writing of reallocations.
- Ensure EQIP contract approvals do not cause over-obligation of allocations
- State Conservationist shall review NRCS determinations, both technical and non-technical, referred by county FSA committee that heard appeal

Local NRCS Office

- Announce application evaluation periods. Application is ongoing.
- Establish practice components, as applicable, to determine total practice costs.
- Inform producers of \$450,000 aggregate payment limitation for individuals and entities effective for all contracts FY 2002 - FY 2007
- Approve applications for plan development
- Develop EQIP plan of operations
- Ensure all new and revised FY 2002 contracts meet all 2002 Farm Bill requirements
- Obtain producer signature on new appendix and answer program policy questions
- Before approving contracts, check with county FSA office to ensure sufficient unobligated funds are available. Minimize number of times requested.
- Ensure contract approvals do not cause over-obligation of allocation
- Provide to FSA contract support document which identifies practices
- Approve contract on behalf of CCC and date, enter initial expiration date, and promptly return to FSA to record in system
- Notify FSA of disapproved applications, including deferred applications which producer does not indicate a desire to continue or for which no subsequent application period is held
- Sign and mail to producers following letters as appropriate:
 - Application deferred
 - Application disapproved
 - Contract approved
 - Contract disapproved
 - Contract cancelled

NOTE: NRCS is responsible to notify producer of its determination to disapprove contract. Ensure appeal rights are provided for adverse determinations according to CPM, Part 510.

- As agreed to by local offices but no later than December 31, 2002, receive from FSA and maintain official files for all EQIP contracts. Provide documents or copies to FSA as needed to record in system and/or issue payments.
- Make pen and ink changes to plan and CCC-1245, as necessary, to document revisions
- Obtain producer certification on CCC-1245
- Accept, review, and verify receipts for performed practices
- If actual expenses exceed estimated expenses, before signing CCC-1245 request from FSA amount of funds remaining on contract
- Compute payment and enter amount earned on CCC-1245
- Sign CCC-1245, block 25 authorizing disbursement of payment and provide to FSA to record any revisions and issue payment

NOTE: Only employees designated as authorized to sign on behalf of CCC and whose original signature has been provided to county FSA office shall sign CCC-1245's

- Notify participants in writing of proof of payment requirements
- Gather supporting data for determining payment rates and levels
- Grant waivers to requirement to commence financially-assisted practice in first 12 months, and determine revised deadline
- After certification of final performance of last practice or if contract expiration date is otherwise revised, provide copy of CCC-1200 with revised expiration date to FSA to record in system. Revisions must be provided to FSA before contract expires.
- Notify producer in writing of revised contract expiration date
- Process any succession-in-interest contracts and provide copy of revised CCC-1200 to FSA to record in system
- When NRCS makes initial adverse technical or non-technical determination, notify participant and provide opportunity to have either a field visit or mediation as prescribed by 7CFR §614.101
- Notify participants of right to appeal an NRCS final determination regarding EQIP to the county FSA committee within 30 days of the date of notification of the decision
- Prepare for and participate in hearing of NRCS adverse technical or non-technical determination before county and State FSA committee and NAD