



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

FEB 26 2003

Farm Service
Agency

To:

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

1400 Independence
Avenue, SW
Stop 0510
Washington, DC
20250-0510

From:

for Robert Stephenson *Cheryl A. Butler*
Director, Conservation and Environmental Programs Division

Mark W. Berkland *Mark W. Berkland*
Director, Conservation Operations Division

SUBJECT: EQIP - FSA and NRCS Responsibilities for FY 2003

The Memorandum of Understanding previously signed by the Administrator, FSA and the Chief, NRCS reflects the cooperation, expectations, and responsibilities between FSA/Commodity Credit Corporation and NRCS in implementing EQIP and continues in effect. This joint memorandum outlines the tasks agreed to be performed by FSA and NRCS, respectively, during FY 2003 at the national, state, and local levels and serves as the basis for reimbursement for services.

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 and the FY 2002 responsibilities joint memorandum. State FSA and NRCS offices shall ensure that copies of this joint memorandum are timely provided to NRCS field offices, county FSA offices, and county FSA committees. File the memorandum 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 2003 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, including NRCS funds slippage accounts
- 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
 - Approved reallocation of funds, including LHHS funds
 - Approved EOA's
- 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.
- Verify individual or entity designation of applicant, as necessary, for FY 2003
- Determine producer eligibility, including compliance with Adjusted Gross Income (AGI) certification and whether there has been a violation of landlord/tenant provisions.

Notes: 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 for individual or entity wishing to participate in EQIP. Record in system.
 - Obtain signatures on applications and CCC-1200 appendix
 - Obtain other missing information on applications, as needed

Note: FSA is not authorized to address any program policy questions regarding EQIP. Refer producers with questions to NRCS.

- Verify and, as necessary, establish farm records
- Verify signature authorization (Power of Attorney), as necessary
- Accept and process CCC-502
- Accept and process CCC-526 or statement of AGI compliance for EQIP applicants beginning with FY 2003 contracts
- Accept and process AD-1026. Determine whether producer has violated HELC or WC provisions and, if so, notify NRCS.
- Determine amount of aggregate EQIP payment limitation remaining available for obligation

Note: Software is being developed to perform this task.

- Determine whether land offered for EQIP is enrolled in CRP and notify NRCS
- After recording applications in system, provide applications to NRCS

Note: All applications shall be recorded, regardless of whether they result in funded contracts.

- 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
- 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.
- According to provisions of CONOP notice and agreement between SED and State Conservationist, maintain and guarantee access to NRCS or transfer to NRCS and be guaranteed access to official files for all EQIP contracts
- 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
- FSA is responsible to return to NRCS without issuing payment any CCC-1245 recognized to contain inaccurate or incomplete data. Second-party review of CCC-1245 by FSA is not authorized.
- 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
- Beginning with all FY 2002 contracts, maintain \$450,000 aggregate EQIP payment limitation by individual and entity

Note: Until software is issued, maintain manually.

- Record performance in system, which will electronically create payment
- Issue payment
- At the beginning of the FY or as otherwise provided by national directive, provide to NRCS a report of contracts with expiration dates during that FY

Note: Software is being developed to prepare the report.

- For FY 2002 contracts approved containing appendix dated July 15, 2002, or

August 7, 2002, and all FY 2003 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

- 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
- Follow procedure in Handbook 1-FI, Part 8 for processing EQIP claims in the common receivable system. Receive from NRCS copy of initial notification letter sent to the producer.

Note: NRCS has determined that filing a petition for bankruptcy does not affect a producer's participation in EQIP.

- Record succession-in-interest contracts in system, according to documentation received from NRCS
- Record increased contract obligations due to EOAs.
- 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 allocation distribution
 - allocations for approved EOAs
 - allocation redistributions, as needed

State NRCS Office

- Prepare and process requests for funds from National reserve for FY 1999, FY 2000, and FY 2001 contract EOAs and submit to NRCS NHQ.
- Prepare and approve requests:
 - for funds from State reserve for FY 2002 initial allocation contract EOAs and notify State FSA office of amount to be allocated
 - to use current year (FY 2003) funds for FY 1997 and FY 1998 contract EOAs and notify State FSA office of amount to be allocated
- Determine distribution for FY 2003 funding and notify NRCS NHQ

- Process each request for reallocation of funds for any FY 2003 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 NRCS NHQ 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

- DC ensure effective working relationship and workflow with FSA are maintained
- 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
- Ensure all applications received are provided to FSA to be recorded in the automated system, regardless of whether they result in funded contracts
- Make limited resource and beginning farmer determinations
- Develop EQIP plan of operations
- Ensure all new contracts meet all 2002 Farm Bill requirements
- Address all EQIP 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 that identifies practice information only. Components will not be accepted by FSA.
- 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.

- According to provisions of CONOP notice and agreement between SED and State Conservationist, maintain and guarantee access to FSA or be guaranteed access to official files maintained by FSA for all EQIP contracts

- 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
- For all FY 2003 contracts and FY 2002 contracts approved containing appendix dated July 15, 2002, or August 7, 2002, 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
- When refunds are determined to be due, issue initial notification letter to producer according to Handbook 1-FI, Part 8, and provide copy to FSA
- 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