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October 28, 2013

## KANSAS BULLETIN NO. KS440-14-1

### **SUBJECT: PGM—Improper Payments due to Adjusted Gross Income Eligibility Determination Changes**

**Action required by field offices (FOs):** November 29, 2013  
**Action required by the state office (SO):** December 27, 2013

**Purpose.** Provide guidance and understanding of participants who are flagged by the Farm Service Agency (FSA) as adjusted gross income (AGI) not being met

**Expiration Date.** September 30, 2015

Participants are required to submit an “AGI certification and consent to disclosure of tax information” form which authorizes the FSA to verify compliance with AGI limitations against Internal Revenue Service (IRS) records. The results are currently available through Fund Manager and Program Contracts System (ProTracts) through the eligibility process. These systems enforce the AGI determination applied by the FSA and applies payment blocks or payment reductions for the ineligible members’ percentages.

In instances where a participant has been determined ineligible for AGI, payments received must be collected as an improper payment. **FOs will need to check with their local FSA office for a list of participants who have been deemed ineligible.** The FSA SO will get a list to the Natural Resources Conservation Service (NRCS) SO as soon as possible; however, it is probable it may be received a few weeks before our deadline to have letters sent out. ProTracts will also flag all ineligible participants. FOs will need to send collection letters to participants **no later than November 29, 2013**, (see attached template). All letters sent must have a carbon copy to the area office (AO) and the appropriate SO program manager.

The SO will keep track of all collection letters sent using a spreadsheet and enter the account receivable into the Financial Management and Modernization Initiative (FMMI) and the ledger emailed **to national headquarters (NHQ) by December 27, 2013.**

There are instances when an NRCS program participant initially meets eligibility at the time of obligation but AGI determination status changes later on. Flags in ProTracts, Fund Manager, and the FSA subsidiary Web site are as follows:

(more)

DIST: A, F, S, Winkler (FSA)

**State Executive Director (SED)—Not Met:**

Any person with this determination must have all applicable contract payments collected. This includes active, cancelled, completed, or terminated contracts that were obligated in the specific AGI eligibility year for which they have been determined ineligible. This constitutes an improper payment.

**Not Met—Producer:**

When a producer voluntarily supplies a new certification indicating they exceed the AGI criteria, ProTracts will block payment for a single participant contract or apply payment reduction based on the member's percentages. Payments made to the producer for the AGI eligibility year for which they certify not meeting the AGI requirement must be collected. This constitutes an improper payment and payments made must be collected.

**Not Met—COC:**

This is changed by the FSA County Committee for reasons that include failure to submit the AGI form. ProTracts will block payment for a single participant contract or apply payment reduction based on the member's percentages. Payments made to the producer for the AGI eligibility year for which they certify not meeting the AGI requirement must be collected. This constitutes an improper payment and payments made must be collected.

**Not Filed:**

This flag is result of participants or entity member not completing the AGI form. ProTracts will present a warning flag that the AGI has not been filed for the participant or entity member.

**Verification with the FSA is needed before proceeding with payment to avoid an improper payment.**

If after verifying that the participant **did not** file their AGI, you may proceed with payment. ProTracts will then block payment for a single participant contract or apply payment reduction based on the member's percentages.

If the participant did file their AGI, FSA will need to update the AGI determination **before payment is made.**

**Contact:** Forward questions through established channels to Xiomara Tryban, Assistant State Conservationist, at [xiomara.tryban@ks.usda.gov](mailto:xiomara.tryban@ks.usda.gov) or call (785) 823-4569.

*(Signed)*

ERIC B. BANKS  
State Conservationist

Attachment