

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

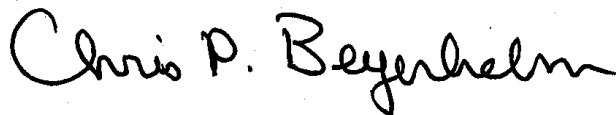
Notice FLP-690

1-FLP, 4-FLP

For: State and County Offices

**Corrective Actions That Address Weaknesses Identified With Documenting
YEA and Chattel Inspections in FLP Automated Systems**

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

A recent OIG audit identified weaknesses associated with scheduling, documenting, and completing the required entries into the applicable FLP automated systems for YEA and chattel inspections. While FSA can prioritize some analyses and inspections in times of limited resources, analyses and inspections must be scheduled as required by handbooks and regulations. In response to the audit findings, DAFLP, LDPMD has developed corrective actions so that FSA can ensure that required analyses and inspections are being scheduled and completed and, if necessary, document in FSA's automated systems why the scheduled reviews or inspections were not completed.

B Purpose

This notice identifies the required corrective actions that are effective immediately.

C Contact

If there are questions about this notice, County Offices shall contact their respective State Office. State Offices shall contact Sharilyn Hashimoto, LSPMD, by telephone at 202-720-2743.

Disposal Date	Distribution
June 1, 2015 11-4-14	State Offices; State Offices relay to County Offices

2 1-FLP and 4-FLP Changes

A YEA

1-FLP, subparagraph:

- 262 A, has been amended to add that when the authorized agency official determines that YEA will be required according to subparagraph 263 A, a new YEA workflow will be created in DLS
- 262 C has been added to provide that when the authorized agency official determines that a scheduled YEA will not be completed as required:
 - YEA workflow in DLS shall be terminated
 - terminated workflow must be documented as to why the workflow was not completed as scheduled, and a new YEA workflow must be created and scheduled immediately, as applicable
- 263 A has been added to provide that completion of YEA is mandatory for any borrower meeting the criteria outlined in paragraph 262, and a new YEA workflow will be created and scheduled in DLS when a new loan has been closed or on determination that a borrower meets any other requirements for a mandatory YEA.

B Chattel Inspections

4-FLP, subparagraph:

- 96 C has been updated to state that chattel security will be inspected annually, except in cases where the authorized agency official has justified in the assessment or analysis that no undue risk exists; however, all chattels will be inspected at least every 2 years

Note: Chattel security inspections shall be scheduled after a new loan has been closed by creating a new Farm Visit workflow in DLS. After completing the Farm Visit workflow, followup security inspections shall be scheduled in DLS; thereafter, based on the applicable requirements of 4-FLP, Part 6, Section 1 for the type of loan security and for the remainder of the loan term.

- 96 D has been added to provide that when the authorized agency official determines that a scheduled chattel inspection will not be completed as scheduled, the Farm Visit workflow in DLS shall be terminated, and that the terminated workflow must be documented as to why the workflow was not completed.

Note: A new Farm Visit workflow must be created and scheduled immediately as applicable.

2 1-FLP and 4-FLP Changes (Continued)

C Documenting Reviews Not Completed in DLS

If it is later determined that a scheduled YEA review or chattel inspection is no longer required, the pending workflow will need to be terminated and the reason for termination documented in DLS. See the DLS Loan Servicing User's Guide for more information on how to terminate an active workflow. Comments are required to be entered in the Farm Visit-Workflow Terminate Confirmation Screen stating why the review or inspection was not completed or is no longer needed.

The following is an example of the Farm Visit-Workflow Terminate Confirmation Screen completed with comments.

3 Action

A State Office

State Offices shall:

- ensure that County Offices comply with requirements set forth in 1-FLP and 4-FLP.
- modify or issue State supplements to handbooks as necessary.

Note: National Office approval of State supplements is required according to 1-AS, paragraph 220.

B County Office

County Offices shall comply with requirements set forth in 1-FLP and 4-FLP.