

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
100 USDA, Suite 102
Stillwater, OK 74074-2653

OK Notice CONOP-61

For: County Offices

MOU For Implementation of EQIP

Approved by: State Executive Director



1 Overview

**A
Background**

Passage of the Farm Security and Rural Investment Act (FSRIA) of 2002 and streamline provisions, announced by Secretary Veneman, has resulted in revised procedures for the implementation of the EQIP. Notice CONOP-14 and OK Notices CONOP-57 and 60 provided notice to counties of the anticipated changes in the EQIP implementation. The State Conservation training meeting, conducted August 21 and 22, 2002, provided information on the anticipated changes to EQIP, along with the new automated software training. All previous instructions were contingent upon a reimbursable agreement and Memorandum of Understanding being agreed on at the national level by FSA and NRCS. The agencies have now signed these agreements.

**B
Purpose**

This notice provides a copy of the EQIP Memorandum of Understanding (MOU) and EQIP implementation procedures.

Disposal

September 1, 2003

Distribution

County Offices

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2 EQIP MOU and Implementation

A MOU

Exhibit 1 contains the FSA and NRCS signed MOU. The MOU, the June 27, 2002, memorandum, contained in OK Notice CONOP-57, and the July 18, 2002, memorandum contained in OK Notice CONOP-60, shall be filed with the EQIP manual, 440-V-CPM.

Tasks, outlined in the MOU, apply to all existing and new contracts, and supersede relevant sections of the current EQIP manual.

B File Transfer

The MOU stipulates that NRCS will maintain the official file for all EQIP contracts. Additionally, the MOU states that the transfer of official files shall be completed by December 31 in a timeframe agreed to by the local offices.

Due to local office workload in commodity programs and EQIP, the FSA and NRCS State Offices have agreed the EQIP official file transfer shall occur between October 15 and December 1, 2002. Until October 15, FSA will maintain the official EQIP file with all original documents. Local offices shall agree to a timely efficient and professional transfer of EQIP files within the above specified dates.

The county offices may wish to retain copies of documents, or future documents received from NRCS, to record dates in the system, for payments, or placing information on an aerial photography; however, these copies will not be the official files.

C Delegations of Authority

The CCC-1200 will now be approved by NRCS. The NRCS will now authorize payment on the CCC-1245. A Designated Conservationist must have delegated authority to sign those documents. In most cases, the Designated Conservationist, to approve payment on the CCC-1245, will be the local DC.

Note: NRCS DCs generally service land only located in the physical county they service. If land is administered by a county and physically located in another, the DC, where the land is physically located, will sign the CCC-1245.

For separation of duty purposes, adjoining DCs will be delegated authority to sign the CCC-1200.

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2 EQIP MOU and Implementation (Continued)

C **Delegations of Authority** **(Continued)**

Each county FSA office must have an original signed delegation of authority document on file of who may sign the CCC-1200 and CCC-1245. Only those designated may sign the documents. FSA shall review approved CCC-1200s and authorized payments on the CCC-1245 with the delegation of authority signature prior to entry of the date in the system for an approved CCC-1200 or payment of a CCC-1245. Initially, NRCS has combined the delegation of authority documents on one form. An example of the form is in Exhibit 2. Each county, listed under the CCC-1200 and CCC-1245 column, should receive an original signed form from the person stated.

D **Delineating Practices**

The MOU states land enrolled in EQIP will be delineated on the aerial photography or GIS common land unit. Procedure in 2-CP will be updated to reflect this change. No action is required, at this time, until the procedure is received.

E **CCC-1200 Processing**

CCC-1200 processing for 2002 EQIP is outlined in Exhibit 3. Counties shall follow those steps to ensure CCC-1200s are approved in the system and funds are obligated by September 27, 2002. The steps will change after 2002 to reflect NRCS maintaining the official file and original documents.

F **CCC-1245 Processing**

NRCS will now authorize payment on the CCC-1245 for all EQIP contracts. The process includes NRCS receiving receipts and calculating payments. FSA will generate the CCC-1245 for NRCS. When payment is authorized by NRCS, FSA will record performance and make payment. Exhibit 4 provides the steps now involved in the CCC-1245 process. When file transfer is completed, all documents will be referred to NRCS for the official file.

The CCC-1245 will no longer contain an expiration date. Counties shall ignore any expiration dates that currently exist on CCC-1245s.

Concerning the issuance of CCC-1245s, FSA shall create CCC-1245s at the beginning of the FY the practices are scheduled to be performed and provide to NRCS.

Continued on the next page

2 EQIP MOU and Implementation (Continued)

G

Applications and Existing Applications

FSA and NRCS have continued to receive applications after the applicable signup period. County offices shall continue to accept EQIP applications. Existing applications shall be retained on file for evaluation during the next general signup. Applications should be entered in the system for workload credit. After file transfer to NRCS, the original applications on file shall be provided to NRCS. FSA should generate the Applications Received Report and compare to the applications provided to NRCS to ensure all are in the system. Current fund codes shall be used for entering the applications in the system. The fund codes on these applications will need to be updated when 2003 fund codes are received.

Applications, evaluated for 2002 funding and not approved, will receive a deferred or disapproved letter from NRCS and a courtesy copy will be provided to FSA. FSA shall update the application in the system with the appropriate action.

H

Letters

All letters pertaining to EQIP will be generated by NRCS except for person determination letters and letters pertaining to violation of landlord tenant provisions. All letter options for EQIP have been disabled in the system.

I

E/O/A

FSA will no longer act on requests for additional funding on errors, omissions, appeals, and practice failures. The NRCS DC will request EOA funds directly from the NRCS State Office. The FSA State Office will notify FSA counties of allocation increases due to EOAs.

3 EQIP Funding

A

2002 Funding

The 2002 Farm Bill significantly increases funding for EQIP. The amount of funds for 2002 has gone from \$200 million to \$400 million. However, the additional \$200 million received is treated differently since it is designated as NRCS controlled CCC funds. The original \$200 million, of which Oklahoma received \$3.6 million, is referred to as first allocation funds. The second \$200 million received, of which Oklahoma received \$3.7 million, is referred to as second allocation funding. The two funds are treated separately and are on different ledgers with fund code 409999/2002 representing first allocation and 407299/2002 representing second allocation funding. Priority areas were eliminated in the 2002 Farm Bill; therefore, there will be no priority area fund codes.

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3 EQIP Funding (Continued)

- A**
2002 Funding (Continued)
- Additionally, priority area fund codes, for previous years, were eliminated and grouped into one fund code per year (401111/year). Software release 492 accomplished the fund code conversion. Recent Conservation training addressed the new fund codes and software issues.
-
- B**
Contract Funding
- Contract funding, for 2002, may be from only one fund code. Contract funds, on a 2002 EQIP contract, cannot be funded by both the first allocation funds (409999/2002) and the second allocation funds (407299/2002).
-
- C**
Contract Fund Codes
- A county may have both first and second 2002 allocation funding. FSA shall ensure NRCS stipulates what fund code an approved CCC-1200 is funded by in order that FSA may enter the CCC-1200 approval in the system with the correct fund code.
-
- D**
Ledger Balances
- NRCS will be requesting ledger balances to ensure funds are not over obligated. FSA shall work with NRCS concerning available ledger balances for applicable fund codes and that allocations are not exceeded.
-
- E**
Ground and Surface Water Conservation
- The 2002 Farm Bill provided a separate allocation for Ground and Surface Water Conservation. Oklahoma received \$773,000. Applications have been evaluated for these funds and all of the funding was distributed to Texas County.

4 EQIP Appeals

- A**
Appeal Processing
- The MOU stipulates FSA will hear EQIP appeals. The 1994 Act specifies that FSA will process Title XII appeals, which includes EQIP. NRCS will prepare initial adverse letters to participants on EQIP and offer appeal rights to the COC. The COC will hear the cases and make determinations.
- Steps involved in the appeal process, concerning EQIP, will be further clarified and updated in an amendment to handbook 1-APP, paragraph 72 and will address mediation.
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Exhibit 1



United States
Department of
Agriculture

Conservation Initiatives...
A Cooperative Effort

AUG 28 2002

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

FROM: Robert Stephenson *Robert Stephenson*
Director, Conservation and Environmental Programs Division

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

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

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Exhibit 1

SED's, All State FSA Offices
State Conservationists, All State NRCS Offices
Page 2

- 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.

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Exhibit 1

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

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Exhibit 1

SED's, All State FSA Offices
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- 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

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Exhibit 1

SED's, All State FSA Offices
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- 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. EOA's 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 BOAs
 - 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

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Exhibit 1

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

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Exhibit 1

SED's, All State FSA Offices
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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

**Commodity Credit Corporation
Environmental Quality Incentives Program
(EQIP)
Certification of Designated Conservationist
List of Authorized Personnel Name and Signature
Natural Resources Conservation Service**

Date: August 29, 2002

State: Oklahoma

Name/Position	CCC-1245 Counties	CCC-1200 Counties	Signature
Andrew Inman District Conservationist Stilwell Native American Service Center	Adair Sequoyah	Sequoyah Delaware Cherokee	
Robert Dotson District Conservationist Cherokee Field Service Center	Alfalfa	Grant, Garfield, Major, Woods	
Michael Elliott District Conservationist Atoka Field Service Center	Atoka Coal	Choctaw Coal	
James Shaffer District Conservationist Beaver Field Service Center	Beaver	Texas, Harper, Ellis, Cimarron	
Kirk Schreiner District Conservationist Sayre Field Service Center	Beckham Roger Mills	Roger Mills Greer	
Rodney Shaw District Conservationist Watonga Field Service Center	Blaine	Dewey, Major, Kingfisher, Canadian	
Paul May District Conservationist Durant Field Service Center	Bryan Atoka Johnston	Johnston Marshall	
Phil Perryman District Conservationist Anadarko Field Service Center	Caddo Grady	Grady Washita	
Duane Crider District Conservationist El Reno Field Service Center	Canadian	Oklahoma Kingfisher Blaine	
James Williams District Conservationist Ardmore Field Service Center	Carter Love Marshall	Love	
Marty Hern District Conservationist Tahlequah Field Service Center	Cherokee Muskogee	Muskogee Adair Sequoyah	
Lori Hamman District Conservationist Hugo Field Service Center	Choctaw Pushmataha	McCurtain Pushmataha	
Cherrie Brown District Conservationist Boise City Field Service Center	Cimarron	Texas Beaver	

CCC-1200 StepsContracting

At this point, applications have been received and evaluated and ready to begin contract obligation.

1. FSA has original CCC-1200.
2. NRCS will request original signed CCC-1200 from FSA.
3. NRCS requests fund code ledger balance from FSA.
4. NRCS records "see Contract Plan/Contract Support document" in item 9A.
5. NRCS obtains participants' signatures on CCC-1200 Appendix.
6. NRCS enters "beginning date" of contract in Item 9b and "ending date" – 12 months minimum contract – through December 31 of the CY.
7. NRCS enters "contract obligation" in Item 9c.
8. When verified funds are available (from FSA), the Designated Conservationist will sign and date the CCC-1200 obligating the contract funds.
9. Original signed approved CCC-1200 is returned to FSA from NRCS – contract support document will accompany.
10. FSA-IMMEDIATELY- enters CCC-1200 contract obligation in the system for the appropriate fund code. Designated Conservationist's signature must be verified with delegated authority signature.
11. FSA completes the automated CCC-1200 data from the Contract Support Document information.
12. FSA enters the "contract approval date" and "ending date" from CCC-1200.
13. FSA maintains the automated and original CCC-1200 together in contract file until official file is transferred to NRCS.
14. FSA provides NRCS a copy of the complete automated CCC-1200.
15. FSA provides NRCS an update of ledger funds balance.

CCC-1245 Processing

1. FSA prepares CCC-1245 for current FY.
2. CCC-1245 is provided to NRCS.
3. NRCS provides CCC-1245 to producer with applicable letter and followup letters.
4. Producer reports performance on the CCC-1245 to NRCS, items 18, 19, and 27.
5. Producer provides practice cost and receipt documentation to NRCS.
6. NRCS completes performance report (extents) – Items 13F, 15, and 16.
7. NRCS calculates cost share and incentive payment.
8. NRCS Designated Conservationist authorizes payment of the CCC-1245 in Item 25.
9. NRCS provides a copy of completed CCC-1245 to participant, retains a copy, and returns the original to FSA for payment.
10. FSA verifies Designated Conservationist's signature with Delegation of Authority on file.
11. FSA IMMEDIATELY records performance on the automated CCC-1245 and disburses payment.
 - Print extra check transaction statement for NRCS
 - Record check/deposit number in Item 26
12. FSA provides NRCS a copy of the check transaction statement for finalizing CCC-1245 activity.
13. FSA maintains completed original CCC-1245, receipts, etc. in the contract file.