

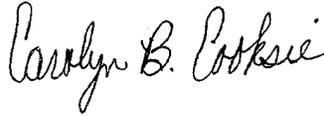
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

General Program Administration
1-FLP

Amendment 63

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 401 A and 404 B have been amended to replace ‘corrective action’ with ‘risk mitigation’.

Subparagraph 402 B has been amended to include requirement to review each Service Center at least once every 5 years.

Subparagraph 402 C has been amended to remove reference to annual oversight assurance sessions.

Subparagraph 403 A has been amended to:

- remove requirement for sending Service Center reports to the National Office
- change Exhibit reference numbers
- add a requirement to include documentation in the automated FLPPRA system Add Service Center Review Score Page comment box.

Subparagraph 403 B has been amended to change the reporting date to November 1.

Subparagraph 404 A has been amended to:

- delete requirement for National Office to provide State Offices a summary score
- replace ‘corrective’ with ‘mitigative’
- eliminate requirement for State’s to respond to National Office report within 60 calendar days of receiving report
- include additional information about the National Office reporting requirements.

Amendment Transmittal (Continued)

Page Control Chart		
TC	Text	Exhibit
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Part 9 Internal Controls**Section 1 Farm Loan Programs Risk Assessment****401 Introduction****A Background**

FSA is mandated by the Federal Managers Financial Integrity Act of 1982 (Pub. L. 97-255) to maintain an efficient and effective internal control system. FLPRA fulfills this mandate by:

- establishing program evaluation criteria and reporting requirements
- providing a method to administer program evaluations
- *--providing a framework for performance analysis, risk mitigation identification, risk mitigation implementation, and annual reporting.--*

B Overview

FLPRA is the primary tool that FLP uses for ongoing reviews and oversight of field office operations. FLPRA evaluates FLP programs using a risk-based approach and provides the framework for evaluating FLP management and oversight by State Offices and FLP delivery by Service Centers.

FLPRA evaluates the potential for risk in the following 3 areas.

- Program Objectives – assessing whether or not the objectives of the program, as set forth in agency policies and procedures, are being met.
- Financial Integrity – determining the soundness and quality of the loan program.
- Program Management – evaluating the effectiveness of the leadership and guidance provided in delivering FLP.

401 Introduction (Continued)**B Overview (Continued)**

FLPRA is divided into 3 review areas identified as:

- Direct Loan Making
- Direct Loan Servicing.
- Guaranteed Loan Programs

Note: This area includes both guaranteed loan making and guaranteed loan servicing.

C Objective

The primary objectives of FLPRA are to evaluate the effectiveness of FLP delivery systems and ensure compliance with applicable statutes, regulations, and directives. To promote a consistent and effective approach to conducting reviews, FLPRA focuses on:

- evaluating program delivery by assessing the condition and performance in the risk areas of program objective, financial integrity, and program management
- determining the overall degree of risk existing in FLP programs and identifying the factors contributing to the risk
- *--recommending or requiring management to take mitigation action, as needed, to strengthen FLP programs and/or ensure compliance with applicable regulations.

D SED Responsibilities

SED is responsible for implementing FLPRA process in their State by ensuring that all required reviews, analyses, applicable risk mitigation plans, and reports are completed--* according to this part.

402 **FLPRA Review Process**

A Administering FLPRA Reviews

FLPRA reviews will be administered and the results reported both at the State Office and National Office levels. State Offices and the National Office can access the FSA Intranet at <http://intranet.fsa.usda.gov/fsa/> to obtain guides detailing the process to complete the reviews. Follow instructions in this table after accessing the FSA Intranet.

Step	Action
1	Under the “Links” section on the left side of the homepage, click on “FSA Applications”.
2	On the FSA Applications page, click on “Farm Loan Program Systems”.
3	On the Farm Loan Program Systems homepage under the “Informational Links” section, click on “Manuals” and select “FLPRA National Office Review Process Guide” or “FLPRA State Office Review Process Guide”.

B State Office Review Responsibilities

State Offices will be required to complete FLPRA reviews in not less than one third of the *--FLP Service Centers each year. However, each Service Center **must** be reviewed at least once every 5 years. The process for selecting the Service Centers and high risk program--* areas to be reviewed is set forth in the FLPRA State Office Review Process Guide.

C National Office Review Responsibilities

The National Office will complete FLPRA reviews in 10 to12 States per year. The reviews evaluate State FLP delivery and include visits to a limited number of Service Centers. The process used by the National Office to select States to be reviewed is set forth in the FLPRA National Office Review Process Guide.

* * *

403 State Office Reporting Requirements**A Service Center Report**

State Offices will provide a report to each Service Center reviewed within 30 calendar days after completing the review. * * * The reports will be developed in the format set forth in FLPRA State Office Review Process Guide, Exhibit 2. Reports for each Service Center *--will include FLPRA State Office Review Process Guide, Exhibits 4 through 7 that will:

- rate each Service Center reviewed in the 3 risk areas
- provide a composite score for the Service Center.

The scores for each Service Center will be:

- input in the automated FLPRA system within 30 calendar days of completing the review
- documented in the box provided to support the scores reported.

B Annual Report

No later than November 1, each State will submit an annual report to PDEED using the--* template provided in the State Office Review Process Guide, Reports Section.

404 National Office Reporting Requirements**A State Visit Reports**

The National Office will provide a findings report from on-site visits to State management within 30 calendar days after completing the review. The format of this report is detailed in *--the National Office Review Process Guide, Section 6. This report will:

- provide scoring sheets for each of the 3 risk areas
- include recommended mitigative actions.

Mitigative actions will:

- be developed in conjunction with State management during the on-site visit
- have a specified date to provide an update on the State's progress in mitigating identified risks.

B PDEED Action

Upon receipt of a State's risk mitigation plans, PDEED shall:

- evaluate and approve risk mitigation plans
- establish a follow-up system to ensure that risk mitigation plans are implemented
- assess the success of the risk mitigation plan on reducing identified high risks--*
- provide an annual report to DAFLP summarizing the area of potential risk in the States visited.

405-407 (Withdrawn--Amend. 47)

408-440 (Reserved)

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

This table lists the required reports of this handbook.

Reports Control Number	Title	Reporting Period	Submission Date	Negative Reports	Reference
FLP1 (FSA-1922-17)	Appraisal Certification Program Semi-Annual Report	Semi-Annually	10 workdays after end of the 2 nd and 4 th quarter of each FY	Required	146
FLP4	FLPRA Annual Report	Annually	By November 1 each year	Required	403

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-663	Request for Issuance of Substitute or Replacement Check		168
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		Ex. 20
AD-1026A	Supplemental to AD-1026 (Continuation)		Ex. 20
CCC-257	Schedule of Deposit		Ex. 25
FmHA 1940-1	Request for Obligation of Funds		Ex. 20, 25
FmHA 1940-22	Environmental Checklist for Categorical Exclusions		Ex. 20

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

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FmHA 2006-21	Information Systems Management (ISM) Request for Changes to User Documentation		41
FSA-410-1	Request for Direct Loan Assistance		Ex. 20, 25
FSA-431-2 <u>1/</u>	Farm and Home Plan		241, Ex. 7, 25
FSA-440-2	Eligibility Certification or Recommendation		241
FSA-440-4	Security Agreement (Chattels and Crops)		Ex. 25
FSA-440-4A	Security Agreement (Chattels and Crops)		Ex. 25
FSA 440-13	Report of Lien Search		Ex. 20
FSA-440-32	Verification of Debts and Assets		Ex. 20
FSA-580	Primary and Preservation Loan Servicing Checklist		Ex. 20
FSA-603	Collection Register for State and County Offices		Ex. 25
FSA-838-C	Substitute Invoice		165, 166
FSA-839	Request for Emergency Payment		168
FSA-845	Foundation Financial Information System (FFIS) Vendor Code Request		162
FSA-1922-1	Appraisal Report - Farm Tract		142
FSA-1922-2	Supplemental Report		142
FSA-1922-9	Real Estate Sales Data		142
FSA-1922-10	Appraiser's Worksheet - Farm Tracts - Study of Comparable Properties		142
FSA-1922-11	Appraisal for Mineral Rights		141, 142

1/ This form is obsolete.