

For: State Offices and Service Centers

County Operations Review (COR) Program Findings for FY 2004 for Reconstitutions

Approved by: Deputy Administrator, Farm Programs



1 FY 2004 Findings for Reconstitutions

A Background

COR's periodically conduct reviews of County Office program records and activities. After COR's finish their review, a report of finding is provided to the applicable COC, SED, and National Office.

The findings from the reviews performed for FY 2004 have been compiled and reviewed by the applicable National Office divisions. A number of deficiencies have been documented for reconstitutions. The deficiencies are divided into the following subtopics for this notice:

- ownership documentation
- completing FSA-155
- COC report
- updating reconstitutions
- notification requirements.

All of the deficiencies covered in this notice were covered in Notice CM-414 issued on January 9, 2001. Three of the deficiencies covered in this notice were covered again in Notice CM-495 issued on July 20, 2004.

B Purpose

This notice provides:

- an overview of the problems COR's found while reviewing reconstitutions
- paragraph references for review
- reasons why the action is required by the County Office or COC.

Disposal Date	Distribution
March 1, 2006	State Offices; State Offices relay to Service Centers

Notice CM-511

2 Findings for FY 2004

A Required Ownership Documentation

Problem: Specific proof of ownership is not provided when land ownership is transferred.

Resolution: Proof of ownership is required, according to 2-CM, subparagraph 42 A, before ownership records are changed in the County Office. Proof of ownership includes, but is not limited to the following:

- copy of recorded deed
- unrecorded deed, if specific program does not require a recorded deed
- land contract
- real estate tax statement or assessment
- FSA employee's check of the record at the county land records office
- proof of gift tax.

Reasoning: County Office employees are responsible for updating ownership records correctly. Without proof of ownership, records may not be updated correctly.

B Incorrect Method of Division on FSA-155

Problem: Item 7 C, "Check Appropriate Method", did not indicate the correct method of division.

Resolution: See 2-CM, paragraph 72 for instructions on completing FSA-155.

Reasoning: All information documented on FSA-155 must be correct in order to complete the reconstitution correctly. The incorrect method of division may lead to incorrect data on resulting farms and/or resulting tracts.

C COC Signature on COC Report

Problem: COC signature is not entered on COC Report.

Resolution: COC, or CED if COC has redelegated authority, shall sign COC report to either approve or disapprove reconstitution, according to 2-CM, paragraph 445.

Reasoning: Without COC or designee signature, the reconstitution cannot be updated or deleted in the system.

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2 Findings for FY 2004 (Continued)

D Updating Reconstitution After Approval

Problem: Reconstitution was approved in the automated system before COC approval.

Resolution: County Offices shall update the reconstitution in the computer only **after** COC reviews and approves the reconstitution according to 2-CM, paragraph 444 and 445. See 2-CM, Part 12, Section 2 for instructions on updating reconstitution in the computer.

Reasoning: It is the responsibility of the County Committee or CED, if authority is redelegated by COC, to determine if the reconstitution is approved or disapproved. Therefore, FSA-155, COC report, and applicable documentation shall be reviewed and approved or disapproved before the computer is updated. After a reconstitution is updated in the system, it cannot be deleted if disapproved by COC or CED.

E Producer Notification Requirements

Problem: After completing the requested reconstitution, owners and operators are not being:

- mailed FSA-156EZ
- notified of appeal rights.

Resolution: 2-CM, subparagraph 464 B provides instructions for mailing FSA-156EZ to the owners and operators.

2-CM, subparagraph 465 A provides instructions for providing owners and operators with appeal rights.

Reasoning: Owners and operators need to know tract level data, such as bases and yields, and this data is provided on FSA-156EZ

Reconstitutions are an appealable process and all owners and operators need to be aware of their appeal rights.