

**For:** Cotton State and County Offices, Cotton CMA's, and LSA's

**Instructions and Policy for Resolving 2002 Cotton Online Processing System (COPS) Errors**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

PSD and KCAO are working with State and County Offices, CMA's, and LSA's to resolve COPS errors for the **2002** crop year. These errors may include:

- bale data errors
- processing errors
- duplicate benefits between CMA's, LSA's, and County Offices.

To facilitate this process, it is important that all parties:

- devote full attention to this effort
- work with the appropriate contact person to ensure that corrections are completed timely.

**B Purpose**

This notice informs State and County Offices, cotton CMA's, and LSA's of:

- contact procedure
- policy to resolve cotton marketing assistance loan's (MAL's) and LDP errors
- instructions for recording duplicate benefits in APSS.

<p><b>Disposal Date</b></p> <p>April 1, 2006</p>	<p><b>Distribution</b></p> <p>Cotton State Offices; State Offices relay to County Offices, Cotton CMA's and LSA's</p>
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## Notice CN-983

### 1 Overview (Continued)

#### C Contact

State Offices shall direct questions about this notice to Julie Floriani by:

- telephone at 202-720-8374
- e-mail to [julie\\_floriani@wdc.usda.gov](mailto:julie_floriani@wdc.usda.gov).

### 2 Resolving COPS Errors

#### A General Information

The Automated Cotton Reporting System (ACRS) disburses loans and LDP's to CMA's and LSA's. Before 2005 crop changes can be implemented into ACRS, all **2002** COPS errors associated with CMA's and LSA's must be resolved.

Many 2002 COPS errors exist for County Offices as well. It is very important that these errors be resolved as soon as possible.

### 3 Action

#### A County Office Action

County Offices shall:

- resolve 2002 COPS errors by June 15, 2005
- contact their State Office to:
  - request assistance with resolving errors
  - seek advice when resolving errors between the County Office and CMA or LSA.

**Note:** County Offices shall **not** contact Kansas City staff to seek assistance with errors.

## Notice CN-983

### 3 Action (Continued)

#### B State Office Action

State Offices shall:

- assist County Offices with error resolution
- monitor County Office progress with resolving errors
- coordinate researching and resolving errors that involve County Offices and CMA's or LSA's
- request assistance from PSD and Kansas City staff to resolve errors
- report to PSD by June 15, 2005, the number of errors that remain outstanding by memorandum to Julie Floriani at **Julie\_Floriani@wdc.usda.gov**.

#### C Kansas City Action

Kansas City shall:

- work with CMA's and LSA's to resolve COPS errors
- contact the applicable State Office specialist if errors must be corrected by a County Office
- **not** contact a County Office to direct them to correct errors.

#### D CMA or LSA Action

CMA or LSA employees shall:

- work with Kansas City staff to resolve errors
- contact the applicable State Office specialist if CMA or LSA research indicates errors must be corrected by a County Office
- **not** contact a County Office to direct them to correct errors
- copy Julie Floriani on all correspondence so that PSD can ensure that prompt attention is given to resolution of errors.

Notice CN-983

4 Resolving Duplicate Benefits

A Determining Which Benefit is the Duplicate

If a duplicate benefit is paid, such as a second loan or LDP, for commodities under loan, the:

- first disbursed benefit is considered the correctly disbursed benefit
- second benefit is considered the duplicate for correction purposes.

**Exception:** When CCC-Cotton AA is used to lock-in AWP for modules and LDP is subsequently disbursed, the date of the producer's signature determines the date of the benefit for determining which benefit is the correctly disbursed benefit.

County Offices shall determine which duplicate is the “true” duplicate benefit according to the following.

<b>IF the duplicate loans or LDP's are...</b>	<b>THEN...</b>
in the same county	determine the duplicate as the last disbursed benefit.
between: <ul style="list-style-type: none"><li>• 2 or more counties</li><li>• County Office and CMA or LSA</li></ul>	<ul style="list-style-type: none"><li>• contact each County Office or State Specialist if CMA or LSA is involved according to paragraph 3, to obtain the loan disbursement or LDP payment date for each transaction</li><li>• determine the duplicate benefit as the last paid loan disbursement or LDP.</li></ul>

## Notice CN-983

### 4 Resolving Duplicate Benefits (Continued)

#### B Determining Violations

For benefits that must be corrected by a County Office, CED and COC, according to 7-CN, Part 7, determine whether a violation has occurred and if liquidated damages are applicable.

For true duplicates that must be corrected by a CMA or LSA, liquidated damages are applicable because:

- good faith cannot be determined
- producers have no FSA appeal rights with LSA's
- CCC-Cotton G signed by cotton CMA's provides for liquidated damages.

CMA's may request waivers of liquidated damages from PSD according to 1-CMA, subparagraph 139 D.

**Exception:** Because both CMA's and LSA's were **not** timely notified of duplicate errors, interest penalty and liquidated damages are waived for all true duplicate errors that must be corrected by CMA's or LSA's for crop year **2002**. However, program interest is still applicable from the date of disbursement to the date of repayment.

#### C County Office Action

County Offices shall resolve R030 and R031 errors by:

- reviewing errors and determine the duplicate benefit according to subparagraph A
- taking corrective action according to the following.

<b>IF the duplicate bale is a...</b>	<b>THEN...</b>
“true” duplicate issued by the County Office	<ul style="list-style-type: none"><li>• record the duplicate bale in APSS for:<ul style="list-style-type: none"><li>• a loan according to subparagraph 6 A</li><li>• LDP according to subparagraph 6 B</li></ul></li><li>• notify the producer and collect overpayments according to paragraph 7.</li></ul>
“false” duplicate issued by the County Office	provide documentation to the State Price Support Specialist supporting the determination according to paragraph 5.
duplicate benefit paid by CMA or LSA	advise the State Price Support Specialist that duplicate benefits were paid by CMA or LSA.

**4 Resolving Duplicate Benefits (Continued)**

**D State Office Action**

State Offices shall:

- monitor County Office action as provided in this notice to ensure that duplicate error conditions are resolved
- assist with coordination between County Offices, CMA's, and LSA's in researching and resolving duplicate error conditions
- request PSD assistance in resolving "false" duplicate error conditions or other applicable errors by memorandum to Julie Floriani, Agricultural Program Specialist, according to paragraph 5.

**5 Request For COPS Errors to be Lifted**

**A Errors That Can Be Lifted**

Certain COPS errors can be resolved by requesting that the error be lifted. These errors include the following.

- R0145, Repayment Date Missing/Invalid. This error may occur when the repayment was for an immediate certificate exchange, and the County Office entered a repayment date earlier than the loan disbursement date.
- R030 and R031, which indicates duplicate gin tags. These errors, referred to as "false duplicates", may occur when there are actually 2 bales of cotton, but the same gin tag or receipt number and the data was entered incorrectly.

## Notice CN-983

### 5 Request For COPS Errors to be Lifted (Continued)

#### B Documenting and Submitting Request

State Office Price Support Specialist must submit a request to PSD to lift COPS errors. At a minimum, the request shall contain the following elements:

- State and county code
- State and county name
- COPS error
- crop year
- indicate if the transaction is a loan or LDP
- gin code
- warehouse code
- reason for error
- indicate if the request includes all EWR's on the loan/LDP
- list the incorrect bale data followed by the correct bale data

**Note:** Indicate if data is a gin tag number or warehouse receipt number.

- verify that the correct bale number is not in COPS or paid under another loan/LDP number
- if loan, verify that CCC was the holder of the correct bale during the loan period
- overpayment or underpayment
- other supporting information.

States Office shall:

- review the documentation submitted by the County Office
- if concurring with the County Office, forward the request to Julie Floriani at **Julie\_Floriani@wdc.usda.gov**.

**Note:** Only PSD, Automation Branch is authorized to direct Kansas City staff to lift COPS errors.

Notice CN-983

6 Recording Duplicate Bales Using the Shortage/Violation Subsystem

A Recording Duplicate Loan Bales

County Offices shall record duplicate bales for a cotton **loan** according to the following.

Step	Action		Result
1	On Price Support Main Menu PCA005: <ul style="list-style-type: none"> <li>• ENTER “8”, “Perform Loan/LDP Servicing Functions”</li> <li>• PRESS “Enter”.</li> </ul>		Menu PVA005 will be displayed.
2	On Menu PVA005: <ul style="list-style-type: none"> <li>• ENTER “16”, “Record a Loan/LDP Shortage/Violation”</li> <li>• PRESS “Enter”.</li> </ul>		A series of screens will be displayed to select the loan or LDP.
3	On Screen PVA64000: <ul style="list-style-type: none"> <li>• ENTER “N” to the question, “Is this the recording of a shortage as a result of a spotcheck?”.</li> <li>• PRESS “Enter”.</li> </ul>		Screen PVA64000 will be redisplayed to enter: <ul style="list-style-type: none"> <li>• demand date</li> <li>• discovery date.</li> </ul>
4	Enter the current date as the demand date and the discovery date.  PRESS “Enter”.		Screen PVA64000 will be redisplayed to add the question, “Was good faith determined by the COC?”.
5	<b>IF the duplicate bale...</b>	<b>THEN ENTER...</b>	Screen PVA64000 will be redisplayed to add the statement, ENTER “1” for a first offense or “2” for a second offense”.
	is a violation	<ul style="list-style-type: none"> <li>• “Y”, if COC determined good faith</li> <li>• “N”, if COC did <b>not</b> determine good faith.</li> </ul> PRESS “Enter”.	
	is <b>not</b> a violation	“Y”, and PRESS “Enter”.	

**6 Recording Duplicate Bales Using the Shortage/Violation Subsystem (Continued)**

**A Recording Duplicate Loan Bales (Continued)**

Step	Action		Result
6	<b>IF the duplicate bale...</b>	<b>THEN...</b>	Screen PVA65000 will be displayed.
	is a violation	enter applicable offense and PRESS "Enter".	
	is <b>not</b> a violation	ENTER "1", and PRESS "Enter".	
7	On Screen PVA65000, select: <ul style="list-style-type: none"> <li>• <b>all</b> bales by entering "Y" to the question, "Are all receipts involved in the violation?"</li> <li>• <b>specific</b> bales by placing a "Y" in the "Sel" column for the applicable receipt number.</li> </ul> PRESS "Enter".		Screen PVA66000 will be displayed.
8	<b>IF the duplicate bale...</b>	<b>THEN ENTER...</b>	Screen PVA66000 will be redisplayed to allow user to record adjusted liquidated damages and waiver authorization.
	is a violation	<ul style="list-style-type: none"> <li>• "Y", if correct</li> <li>• "N", if incorrect.</li> </ul> PRESS "Enter".	
	is <b>not</b> a violation	"N" and PRESS "Enter".	
9	<b>IF the duplicate bale...</b>	<b>THEN...</b>	Screen PVA66000 will be redisplayed to complete the process.
	is a violation	if applicable, enter: <ul style="list-style-type: none"> <li>• the correct liquidated damages amount</li> <li>• waiver authorization code.</li> </ul> PRESS "Enter".	
	is <b>not</b> a violation	ENTER: <ul style="list-style-type: none"> <li>• "0" as the liquidated damages amount</li> <li>• "W" for the waiver authorization code.</li> </ul> PRESS "Enter".	
10	ENTER "Y" to the question, "Do you wish to complete this process?".  PRESS "Enter".		The Loan Shortage/Violation Report will be printed.

Notice CN-983

**6 Recording Duplicate Bales Using the Shortage/Violation Subsystem (Continued)**

**B Recording Duplicate LDP Bales**

County Offices shall record duplicate bales from an upland cotton **LDP** according to the following.

Step	Action	Result						
1	On Price Support Main Menu PCA005: <ul style="list-style-type: none"> <li>• ENTER “8”, “Perform Loan/LDP Servicing Functions”</li> <li>• PRESS “Enter”.</li> </ul>	Menu PVA005 will be displayed.						
2	On Menu PVA005: <ul style="list-style-type: none"> <li>• ENTER “16”, “Record a Loan/LDP Shortage/Violation”</li> <li>• PRESS “Enter”.</li> </ul>	A series of screens will be displayed to select the loan or LDP.						
3	On Screen PGA46000: <ul style="list-style-type: none"> <li>• ENTER “Y” to the question, “Is this the recording of a violation?”</li> <li>• PRESS “Enter”.</li> </ul>	Screen PGA70100 will be displayed to enter: <ul style="list-style-type: none"> <li>• demand date</li> <li>• discovery date.</li> </ul>						
4	Enter the current date as the demand date and the discovery date.  PRESS “Enter”.	Screen PGA30000 will be displayed to record COC good faith determination.						
5	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">IF the duplicate bale...</th> <th style="text-align: left;">THEN ENTER...</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">is a violation</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> <li>• “Y”, if COC determined good faith</li> <li>• “N”, if COC did <b>not</b> determine good faith.</li> </ul>                             PRESS “Enter”.                         </td> </tr> <tr> <td style="padding: 5px;">is <b>not</b> a violation</td> <td style="padding: 5px;">                             “Y”.                               PRESS “Enter”.                         </td> </tr> </tbody> </table>	IF the duplicate bale...	THEN ENTER...	is a violation	<ul style="list-style-type: none"> <li>• “Y”, if COC determined good faith</li> <li>• “N”, if COC did <b>not</b> determine good faith.</li> </ul> PRESS “Enter”.	is <b>not</b> a violation	“Y”.  PRESS “Enter”.	Screen PGA30000 will be redisplayed to add the statement, Enter “1” for a first offense or “2” for a second offense.
IF the duplicate bale...	THEN ENTER...							
is a violation	<ul style="list-style-type: none"> <li>• “Y”, if COC determined good faith</li> <li>• “N”, if COC did <b>not</b> determine good faith.</li> </ul> PRESS “Enter”.							
is <b>not</b> a violation	“Y”.  PRESS “Enter”.							

Notice CN-983

6 Recording Duplicate Bales Using the Shortage/Violation Subsystem (Continued)

B Recording Duplicate LDP Bales (Continued)

Step	Action		Result
6	<b>IF the duplicate bale...</b>	<b>THEN...</b>	Screen PGA31500 will be displayed.
	is a violation	enter applicable offense and PRESS "Enter".	
	is <b>not</b> a violation	ENTER "1", and PRESS "Enter".	
7	On Screen PGA31500, select: <ul style="list-style-type: none"> <li>• all bales by entering "Y" to the question, "Are all receipts on the LDP involved in the violation?".</li> <li>• specific bales by entering "Y" in the "Sel" column for each applicable bale number.</li> </ul> PRESS "Enter".		Screen PGA35000 will be displayed to allow the user to enter adjusted liquidated damages and waiver authorization.
8	<b>IF the duplicate bale...</b>	<b>THEN...</b>	If chosen, TSR report will print.  Screen PGA35500 will be displayed.
	is a violation	if applicable, enter: <ul style="list-style-type: none"> <li>• the adjusted liquidated damages amount</li> <li>• waiver authorization code.</li> </ul> PRESS "Enter".	
	is <b>not</b> a violation	ENTER: <ul style="list-style-type: none"> <li>• "0" as the adjusted liquidated damages amount</li> <li>• "W" for the waiver authorization code.</li> </ul> PRESS "Enter".	
ENTER "Y" or "N" to the question, "Do you wish to print a TSR Report?". PRESS "Enter".			
9	On Screen PGA35500, ENTER "Y" to the question, "Do you wish to complete this process?".		The following reports will print: <ul style="list-style-type: none"> <li>• LDP Violation Report</li> <li>• Market Gain Transaction Summary Report.</li> </ul>

**Notice CN-983**

**7 Collecting Overpayments Resulting from Duplicate Benefits**

**A Producer Notification**

County Offices shall notify producers of overpayments by sending a notification letter according to 7-CN, subparagraph 42 D.

<b>IF repayment is not received within...</b>	<b>THEN...</b>
30 calendar days after the date of the notification letter	send the producer the first demand letter according to 7-CN, subparagraph 42 E.
30 calendar days after the date of the first demand letter	<ul style="list-style-type: none"> <li>• transfer the overpayment from Price Support to claims using option 7, “Transfer a Loan/LDP to Claims”, from Price Support Loan/LDP Servicing Main Menu PVA005</li> <li>• establish a claim in Accounting according to 64-FI, paragraph 79 using:               <ul style="list-style-type: none"> <li>• date of 1<sup>st</sup> demand letter as Interest Start Date</li> <li>• basis code “10”</li> <li>• discovery code “300”</li> </ul> </li> <li>• late payment interest according to 50-FI.</li> </ul>