UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice CONOP-10

For: State Offices and Service Centers

EQIP Contract Modifications Funding Procedure

Approved by: Acting Deputy Administrator, Farm Programs

1 Overview

A Background

Funding for EQIP contracts is year-specific, which requires that allocations approved for any one particular FY be obligated during that same FY. When an EQIP contract is approved by FSA COC, a specified amount of funds is obligated to the contract according to the agreement of the producer(s) and CCC.

The funds obligated to a contract cannot be increased; however, funds may be added to the contract, after the contract approval year, to address modifications required because of errors, omissions, appeals, or practice failures.

B Purpose

This notice:

- reissues procedure for funding contract modifications caused by errors, omissions, appeals, or practice failures
- advises State Offices of the continuation of the policy that contract modification funds will be made available through a national contract modifications reserve on an as-needed basis
- provides the revised form to be used for all eligible contract modification requests.

Disposal Date	Distribution
August 1, 2000	State Offices; State Offices relay to Service Centers and NRCS State Office

2 Processing Contract Modification Funding

A Establishment of National Contract Modification Reserves

A national contract modification reserve is established at the end of every FY to cover future contract modifications needs for contracts entered into during that FY. The process averts using current FY EQIP financial assistance funding to cover prior FY contract modifications.

Refer to the EQIP manual, Section 515.112, for policy on contract modifications that are eligible for funding from the reserve.

Note: The only exception to this process continues to be FY 1997. Since FY 1997 funds were not obligated at FY 1997 year-end for future FY 1997 contract modifications, FY 1998 reserve funds were used to establish a reserve for FY 1997 contracts.

B Revised Contract Modification Request Form

Exhibit 1 contains the revised form to be used for all requests for previous FY contract modification funding. Note that the NRCS program manager must sign the form indicating that he/she has reviewed the request for funds and has verified that it is an eligible contract modification request.

C Requesting National Contract Modification Reserve Funding

States are required to:

- use Exhibit 1 for all requests for contract modification reserve funding
- batch-process contract adjustment requests eligible for additional funding
- **on a monthly basis**, submit the funding requests to the National Office for processing
- obtain the State EQIP Program Manager's signature and date on the revised contract modification request form before forwarding to the National Office.

The National Office shall allocate additional funds from the national contract modification reserve directly to the specific FY's and fund codes eligible for contract modification funds.

Continued on the next page

2 Processing Contract Modification Funding (Continued)

D
State Office Action

State Offices shall:

- provide a copy to, and review this notice with, NRCS State Conservationist
- provide instruction to Service Centers to promptly notify State Offices of any eligible contract modifications requiring additional funding
- on a monthly basis, identify and batch all requests for contract modification funds using Exhibit 1, and ensure that all requests have the signed concurrence of the NRCS program manager

  Note: If the NRCS State Program Manager does **not** concur, do not forward the request to the National Office.

- on the 1st working day of each month, submit, as needed, the request to the Director, Conservation Operations Division, NRCS, at FAX 202-720-4265

  Note: In situations where additional funds are necessary to make imminent payments, State Offices may request funds from the national contract modifications reserve immediately.

- allocate any contract modification reserve funds received from the National Office **directly** to the specific years and fund codes eligible for contract modification
- ensure that applicable Service Centers timely and accurately record contract modification allocations to appropriate fund codes.

E
Service Center Action

Service Centers shall:

- provide a copy to, and discuss this notice with, NRCS
- follow State Office instructions by promptly and regularly reporting any contracts requiring additional funds because of eligible contract modifications, according to the amended EQIP manual, Section 515.112
- based on contract modification allocations received from the State Office, promptly record adjustments to the appropriate ledgers
- follow all other instructions in this notice.

State Name: _____

Date of Request: _____

Fund Code (1)	**Program Year (2)**	**Contract Modification Funds Requested ($) (3)**	**Reason (4)**
			☐ Contract Modification _____ Error _____ Omission _____ Appeal _____ Practice Failure
			☐ Contract Modification _____ Error _____ Omission _____ Appeal _____ Practice Failure
			☐ Contract Modification _____ Error _____ Omission _____ Appeal _____ Practice Failure
			☐ Contract Modification _____ Error _____ Omission _____ Appeal _____ Practice Failure
			☐ Contract Modification _____ Error _____ Omission _____ Appeal _____ Practice Failure

Concurrence by:

_____ _____

NRCS State EQIP Program Manager Date