

For: State and County Offices

**Closing Out Environmental Quality Incentives
Program (EQIP) Contracts and Deobligating Funds**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

An EQIP contract must be closed out in the system after all practices on the contract have been completed and the contract period has expired. Closing out an expired EQIP contract includes deobligating any remaining slippage and returning the funds. EQIP contracts began expiring during FY 2002.

B Purpose

This notice provides State and County Offices with:

- instructions for closing out expired EQIP contracts
- instructions for returning deobligated funds
- policy about expired contracts
- policy about deobligating funds before contract expiration.

C Contacts

If there are questions about this notice regarding:

- automation, contact Sharon Rafter, CEPD, at 202-690-1612
- funds and ledger, contact Lynne Winemiller, CEPD, at 202-720-4053
- policy, contact Cheryl Butler, CEPD, at 202-720-6304.

D Consultation

NRCS National Headquarters has reviewed and is in agreement with the contents of this notice.

Disposal Date	Distribution
January 1, 2005	State Offices; State Offices relay to County Offices and NRCS Offices

Notice CONSV-90

2 Identifying Expiring and Expired EQIP Contracts

A Identifying Expiring EQIP Contracts

To identify contracts that are close to expiration, County Offices shall print CCC-1200 Contracts Expiring This Fiscal Year Report EEB745-R001 in the beginning of the FY and provide it to NRCS.

This is an example of Report EEB745-R001.

WEST VIRGINIA		U.S. Department of Agriculture			Prepared: 08-15-2003
BARBOUR		Farm Service Agency			As of: 08-15-2003
Report ID: EEB745-R001		CCC-1200 Contracts Expiring This Fiscal Year Report			Page: 1
Contract Number	Fund Code	Producer Id Number	Producer Name	Contract End Date	
19980048	121111/1998	222 66 6667 S	EDWARD L BEARD	08-25-2003	
19980056	121111/1998	111 11 1111 S	SHIRLEY MANSON	09-21-2003	
20020138	127222/2002	111 11 1111 S	SHIRLEY MANSON	09-01-2003	

Note: Contracts that have already expired in this FY will not display on this report. The report will only list contracts with a contract end date from the date of the report through the end of the current FY.

B Identifying Expired Contracts

On a monthly basis, County Offices shall print CCC-1200 Status Report EEB715-R001 for all fund codes. See 2-CONSV, subparagraphs 144 C through E.

All contracts with a contract ending date before the current date have expired. The contract ending date is the second date printed for the contract in the "Contract Period" column. This is an example of Report EEB715-R001 with the contract ending date underlined.

WEST VIRGINIA		U.S. Department of Agriculture			Prepared: 09-15-2003			
BARBOUR		Farm Service Agency			As of: 08-15-2003			
Report ID: EEB715-R001		CCC-1200 Status Report			Page: 1			
PROGRAM: EQIP								
FUND CODE: ALL								
CONTRACT NUMBER	APPLICANT NAME	FARM NUMBER	TRACT NUMBER STATUS	CONTRACT VALUE	CONTRACT BALANCE	UNAPPROVED BALANCE	CCC-1245'S ISSUED	CONTRACT PERIOD
PROGRAM: EQIP		FUND CODE	549999/1997 Natural Resource Concerns					
1997 0003	Clarence Lion	1212	2288 Approved	50,000	50,000	40,000	10,000	03-01-1997 <u>03-01-2003</u>
1997 0004	Ira Haymaker	111	66 Disapproved					
1997 0008	Samuel Adams	1097	889 Approved	500	0	0	0	07-06-1997 <u>11-10-2002</u>
1997 0009	Joe Ranch	4451	1990 Approved	1,300	200	0	200	09-25-1997 <u>09-25-2005</u>
PROGRAM TOTALS:		4						

Notice CONSV-90

3 Monitoring Expiring EQIP Contracts

A County Office Responsibilities

County Offices shall:

- print Report EEB745-R001 according to Notice CONSV-87 and provide it to NRCS
- notify NRCS of any contract scheduled to expire during the FY for which a payment has been earned but cannot be issued

Example: An approved error, omission, and appeal for which funds have been requested from the National Office.

- record authorized changes to the contract before the contract ending date.

B NRCS Responsibilities

NRCS is responsible for:

- identifying contracts that are expiring during the FY
- monitoring practice performance
- following up with participants, as necessary
- ensuring that contract expiration dates are timely extended, as necessary
- providing authorized changes to the FSA County Office before the original contract ending date.

4 Closing Out Expired EQIP Contracts

A Reviewing Expired Contracts for Completion

For contracts that have expired, County Offices shall determine whether:

- all practices have been certified as completed
- final performance has been correctly recorded for **all** completed practices
- all payments have been correctly issued.

Only expired contracts for which all practices have been completed and final performance has been recorded may be closed out.

Notice CONSV-90

4 Closing Out Expired EQIP Contracts (Continued)

B Expired Contract Not Completed

County Offices shall notify NRCS and the State Office of any expired contract for which either of the following apply:

- all practices were not certified completed
- earned payments were not issued.

Important: Contracts that have expired cannot be reinstated or extended. Payments cannot be issued for an expired contract.

C Determining Slippage

After the expired contracts that may be closed out have been identified, determine whether there is slippage on the applicable contracts by printing Sequential Contracts Report EEB425-R008 according to 2-CONSV, paragraph 340.

This is an example of Report EEB425-R008.

WEST VIRGINIA	U.S. Department of Agriculture	Prepared: 09-22-2003
ANY COUNTY	Farm Service Agency	As of: 09-22-2003
Report ID: EEB425-R008	County Allocation Control Ledger	Page: 1
Ledger Code: EQIP	Sequential Contracts Report	Fiscal Year: 2003
Fund Code: 549999/1997	Date From 10-01-2002 Thru 09-22-2003	
Desc: Natural Resource Concerns		

* DESCRIPTION OF TRANS.	* ALLOCATION	* COST-SHARE ASSISTANCE
DATE * (DESCR. - CONTROL NO.	* AND CHANGES	* PERFORMED
* FARM #, CNTR # - PROD.)	* AMOUNT	* APPROVED * AMOUNT EARNED
----- (1) ----- (2) ----- (3) -----	* AMOUNT	* APPROVED * AMOUNT EARNED
----- (4) ----- (5) ----- (6) ----- (7) -----		
09-22-2003 CURRENT BALANCE		
1997 0009 NEWTON G. COSBY	4,500	4,500 4,500 0
09-22-2003 CURRENT BALANCE		
1997 0016 BASIL PENNINGTON	500	500
09-22-2003 CURRENT BALANCE		
1997 0060 CLARENCE HULL	0	0
09-22-2003 CURRENT BALANCE		
1997 0113 JOE BROWN	3,450	3,200 3,200 250

The amount of slippage is the amount displayed in the “Balance Available for Commitment” column (column 7) for the applicable contract. When there is slippage, the contract amount approved (column 4) will always be **greater** than the amount earned (column 6), regardless of when the practices were performed.

When there is **no slippage**, the contract amount approved (column 4) will always **equal** the amount earned (column 6), regardless of whether practices were performed in the final year of the contract or were all completed in a previous FY. No further action is needed if there is no slippage on the contract.

Notice CONSV-90

4 Closing Out Expired EQIP Contracts (Continued)

D Processing CCC-1245's Associated to the Contract

Before slippage can be removed from CCC-1200, any outstanding CCC-1245's associated to the contract must be processed according to the following table. CCC-1245's that may need processing can be identified by printing the CCC-1200 Technical Practice Status Report for the contract.

Important: Before any CCC-1245 for which final performance has not been certified completed by the producer and/or NRCS can be processed according to this paragraph, NRCS certification that the practice will not be performed **must** be in the file. **Do not** process any CCC-1245 for which final performance has not been certified if NRCS has not provided a written certification that the practice will not be performed.

Step	Action	
1	IF CCC-1245 has...	THEN...
	final performance recorded	no action is needed.
	no performance recorded	on Menu EEB300, ENTER "6", "Cancellation Process", and PRESS "Enter".
	partial performance recorded	on Menu EEB300, ENTER "4", "Final Performance", and PRESS "Enter".
	passed the cutoff date	on Menu EEB300, ENTER "5", "Corrections After Performance", and PRESS "Enter".
2	On Screen EEB20550, enter the control number and PRESS "Enter".	
3	IF CCC-1245 has...	THEN...
	no performance recorded	Screen EEB20555 will be displayed. Go to step 4.
	partial performance recorded	Screen EEB32010 will be displayed. Go to step 5.
	passed the cutoff date	a password will be required. Contact the State Office.
4	ENTER "Y" to the question, "Is this the CCC-1245 to be canceled (Y or N)?", and PRESS "Enter". Screen EEB37000 will be displayed with the message, "CCC-1245 has been canceled."	
5	For partial performance, PRESS "Enter" until Screen EEB34500 is displayed. Enter the installation cost of the practice and PRESS "Enter".	
6	On Screen EEB36000, enter the date the partial performance was recorded and PRESS "Enter". A slippage report will be printed.	

Notice CONSV-90

4 Closing Out Expired EQIP Contracts (Continued)

E Closing Out the Contract

After all applicable CCC-1245's have been processed according to subparagraph D, follow this table to close out expired contracts that contain slippage.

Step	Action
1	On Menu EEB200, ENTER "3", "Approval Process", and PRESS "Enter".
2	On Screen EEB20500, enter the contract number and PRESS "Enter".
3	PRESS "Enter" on each screen until Screen EEB24000 is displayed.
4	On Screen EEB24000, enter the amount from the "Unapproved Contract Balance" field as a negative amount in the "C/S Amount Approved" field and PRESS "Enter".
5	<p>PRESS "Enter" through the remaining screens of the option.</p> <p>Screen EEB27000 will be displayed with the message, "Contract information has been updated."</p> <p>Notes: When Screen EEB27000 is displayed, the contract file and ledger file will be updated to reflect that the slippage amount is deobligated from the contract and placed in the "balance available for commitment" on the sequential ledger.</p> <p>Deobligated funds are not available for any use and must be returned to the State Office.</p>

This is an example of Screen EEB24000 showing the entry to remove the balance from the contract.

Conservation	089-ANY COUNTY	Selection	EEB24000
CCC-1200 Approval Screen	Version: AD27	09-28-2003	10:24 Term E4

Contract Number: 1997 0113	Program: EQIP	Fund Code: 549999/1997	
Farm NO: 564	Tract NO: 1131		
Producer ID: 123 11 1111 S	Name: JOE BROWN		
	Program Balance:	0	
	Overall Contract Value:	3,450	
Fund Code: 549999/1997		Contract	
	Change(+/-)	Balances	
C/S Amount Approved:	<u>-250</u>	3,450	
Performance Amount Approved:		3,200	
Performance Amount Earned:		3,200	
Balance Available:		250	
Unapproved Contract Balance:		250	
Amount CCC-1245's Issued:		0	
NO MORE FUND CODES			
Enter=Continue Cmd4=Previous Screen Cmd7=End			

Notice CONSV-90

4 Closing Out Expired EQIP Contracts (Continued)

F Returning Deobligated Funds to State Office and Reducing Ledger

After the funds have been deobligated from the contract, notify the State Office of the amount and fund codes of the deobligated funds. The deobligated funds will roll back to the State Office at rollover or the State Office may recall the funds before rollover.

If the State Office recalls the funds, the State Office will reduce the allocation for the county for each applicable fund code. When the County Office receives the allocation reduction memorandum, the County Office shall reduce the allocation according to this table.

Step	Action
1	On Menu EEB000, ENTER "4" and PRESS "Enter".
2	On Menu EEB400, ENTER "1" and PRESS "Enter".
3	On Screen EEB41000, enter the amount of the allocation decrease followed by the minus sign (-) in the "Change (+/-)" field for the appropriate fund code. PRESS "Enter". Screen EEB41000 will be redisplayed reflecting the following: <ul style="list-style-type: none">• the message, "Change(s) updated on ledger file."• updated individual fund code allocation• updated total program allocation.

5 Policy

A Policy on Expired Contracts

EQIP contracts contain both a beginning and an ending date. On CCC-1200 dated April 15, 1997, the beginning and ending date are documented in item 9a, which is labeled "AGREEMENT PERIOD From: _____ To: _____." These dates document the legal term of the contract.

After the contract ending date (expiration date) has passed:

- contract cannot be reinstated
- contract cannot be extended
- payments cannot be issued.

Notice CONSV-90

5 Policy (Continued)

B Policy on Deobligating Funds Before Contract Expiration

NRCS has determined that slippage funds should not be deobligated from a contract until the contract has expired, regardless of whether final performance has been recorded for all practices.

Therefore, County FSA Offices shall take no action to deobligate slippage funds from an EQIP contract until the contract has expired.

6 Action

A State Office Action

State Offices shall:

- ensure that County Offices review and follow the provisions of this notice
- provide a copy of this notice to NRCS and discuss with NRCS
- notify the National Office of any expired contract for which either of the following apply:
 - all practices were not certified completed
 - earned payments were not issued.

B County Office Action

County Offices shall:

- review and follow the provisions of this notice
- provide a copy of this notice to NRCS and discuss with NRCS.