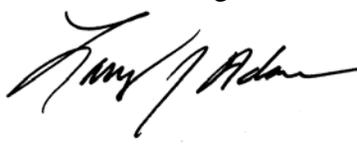


For: State Offices and Service Centers

Electronic Funds Control (E-FC) for 2007 Direct Payments

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

OMB is requiring all programs, including DCP, to be controlled by e-funds. Since this is now a requirement, the e-fund process will be implemented for 2007 direct payments. This process will provide real-time funds control for 2007 direct payments.

Software has been developed to:

- control the funding allotments attributed at the county level for each program
- monitor program spending and halt program disbursements when the funding allocation is insufficient or has been exhausted.

A forthcoming notice will address the disbursement of funds for counter-cyclical payments.

B Purpose

This notice:

- explains how the process will work
- informs State and County Offices:
 - that 2007 direct payments are now subject to E-FC
 - about National Office contacts for State Office specialists when requesting additional direct funding

Disposal Date	Distribution
May 1, 2007	State Offices; State Offices relay to Service Centers
11-17-06	Page 1

Notice DCP-165

1 Overview

B Purpose (Continued)

- requires State Offices to complete the following:
 - designate no more than 2 State Office contacts to be responsible for the funding allotments attributed at the County Office level
 - **FAX** the following for the State Office contacts to the attention of Tina Nemec at 202-720-0051:
 - designated contact name
 - eAuth ID
 - telephone number.

Note: Ensure that the State name and title of this notice are included in the FAX.

Notice DCP-165

2 Direct Payment Processing

A Disbursement of Direct Funds

The initial disbursement of funding will be:

- made to each County Office
- updated in late November 2006
- allocated based on a determination of direct payments issued from October 1, 2005, to September 30, 2006.

County Offices should contact the appropriate State Office specialist if the Payment Informational Screen or Funds Control Exception Report described in subparagraphs C and D are received when attempting to issue direct payments. The State Office specialist should do either of the following:

- reallocate funds from 1 or more County Offices and allocate those funds to the requesting County Office
- contact the National Office to request additional funds, if funds are not available within the existing allocation for the State.

Note: The additional funds will be sent from the National Office to the State Office, and then the State Office will send the funds to the County Office.

State Office specialists shall contact all of the following National Office contacts by e-mail to request additional direct funds:

- Sandy Bryant at sandy.bryant@wdc.usda.gov
- Steve Peterson at steve.peterson@wdc.usda.gov
- Tina Nemec at tina.nemec@wdc.usda.gov
- Lenior Simmons at lenior.simmons@wdc.usda.gov.

Notes: Before requesting additional funds, State Office specialists shall ensure that funds from other County Offices within the State are distributed equitably according to program activity. County Offices having excess funds shall always be reallocated before requesting funds from the National Office.

State Office specialists are reminded to include the amount of additional funds being requested from the National Reserve.

Notice DCP-165

2 Direct Payment Processing (Continued)

B Funds Control Verification

Direct payments will use the e-funds accounting process which controls funding allotments by crop year and monitors program spending and halts program disbursements when the funding allocation has been exhausted. The payment process will function in the normal manner up to the point of sorting the payables into the applicable payment batches.

A check will be performed to ensure that adequate funds are available to process all pending payments in the county.

If the accumulated net payment amount for all pending payments:

- exceeds the funding allotment for the County Office, then:
 - the payment process will be aborted without any payables being sorted into applicable batches
 - a rejected payment report, as described in subparagraph C, will be printed
 - the County Office can process payments individually, or in smaller batches, for producers or farms unless or until an increased funding allotment is obtained
- does **not** exceed the funding allotment for the County Office, the payables will be sorted into the applicable payment batches in the normal manner.

C Rejected Payment Report

A rejected payment report will be printed from data on the pending payment file when direct funding is insufficient for the payment batch being processed.

The following is an example of the rejected payment report that will print when the payment process is aborted on the direct program side.

State Name	United States Department of Agriculture		Prepared: 99/99/9999
County Name	Farm Service Agency		Page: XXXX
	Program Name		
	Rejected Payment Register		
Producer Name	Producer ID and Type	Net Payment	
XXXXXXXXXXXXXXXXXXXXXX	999-99-9999 X	\$999, 999, 999	
XXXXXXXXXXXXXXXXXXXXXX	99-9999999 X	\$999, 999, 999	

Notice DCP-165

2 Direct Payment Processing (Continued)

D Funds Control Verification

The following is an example of the informational screen that will be displayed when the funds control verification process fails on the program side.

Note: When the user presses “Enter”, the direct Payment Process Menu will be displayed.

```
107-TULARE
MESSAGE
Payment Informational Screen Version: AF36 11/20/2006 Term E0
This is a funds controlled program.
The payments being processed did not pass the accounting verification process.
It is possible that the total amount of the payments being processed exceeds
the available funding allocation for the county.
A verification or exception report should print on the system printer
or is held on the spool file.
Refer to the applicable program handbook for additional information.
Press 'Enter' to Exit
Enter=Continue
```

Notice DCP-165

3 State and County Office Action

A State Office Action

State Offices shall:

- ensure that County Offices are immediately informed of the contents of this notice
- refer to Notice FI-2748 for instructions for using the E-FC web application

Note: State Office specialists will be notified by e-mail when their login information has been entered in the system.

- contact the National Office according to subparagraph 2 A when additional funds have been requested by the County Office and the current funding in the State cannot support the request

Notes: The additional funds will then be sent from the National Office to the State Office, and then the State Office will send the funds to the County Office.

State Offices should deallocate funds from 1 or more County Office and allocate those funds to the requesting County Office before requesting funds from the National Reserve.

For those State Offices administering County Offices not located within that State, the National Office will send the requested funds directly to the County Office as the administering State Office will not have access to the County Office direct funds.

- contact the National Office contacts listed in subparagraph 2 A to request additional funds be moved within the State, if the specialist responsible for DCP is not in the State Office and therefore is unable to assist the County Office with an additional funds request.

Notice DCP-165

3 State and County Office Action (Continued)

B County Office Action

County Offices shall:

- continue to process direct payments according to 2-DCP
- if the Payment Informational Screen or Funds Control Exception Report is received:
 - contact the State Office to request additional direct funds
 - process payments individually, or in smaller batches, for producers until an increased funding allotment is obtained to complete issuing all payments.