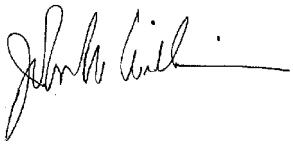
UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, D.C. 20250

Notice FI-2613

For: State and County Offices

Instructions for Reconciling Milk Income Loss Contract (MILC) Program Payments Issued Using Program Code "02URGENT"

Approved by: Deputy Administrator, Management



1 Overview

A Background

The MILC program provides financial assistance to milk producers when the domestic milk price falls below a specific level in the U.S. from December 1, 2001 through September 30, 2005. In November and December 2002, before the development of the Automated MILC program payment software, County Offices were instructed to issue monthly and transition Fiscal Year 03 MILC program payments through the Accounting Application using the non-automated program code 02URGENT. The automated MILC program payment software was developed and released in County Release No. 509 in April 2003.

After installing MILC software, Notice PS-473 instructed County Offices to:

- update MILC software to record eligible quantities of Fiscal Year 2003 monthly and transition payments issued using the 02URGENT program code
- reconcile payment amount calculated by MILC software with the payment amount issued with 02URGENT program code.

To assist County Offices with reconciliation, KCFO has periodically provided State Offices with a 02URGENT Reconciliation Report. The 02URGENT Reconciliation Report provides a list of all activity for MILC payments within a county office by Tax Identification Number (TIN). The activity shown includes payments issued with the 02URGENT program code, payments issued using MILC software, receivable establishment, and collections for the 02URGENT program code.

Disposal Date	Distribution
April 1, 2004	State Offices; State Offices relay to County Offices

1 Overview (Continued)

A Background (Continued)

Many County Offices have performed reconciliation activity necessary to reduce the 02URGENT balance. These County Offices no longer appear on the 02URGENT Reconciliation Report. For those County Offices that appear on the 02URGENT Reconciliation Report, immediate action is required to start and/or complete reconciliation activity in order to reconcile the 02URGENT balances.

B Purpose

This notice provides:

- a definition of the 02URGENT Reconciliation Report columns
- instructions for determining the corrective actions required to reconcile the 02URGENT payments that appear on the 02URGENT Reconciliation Report
- instructions for handling 02URGENT receivables and claims

2 Action

A State Office Action

State Office shall:

- immediately distribute the 02URGENT Reconciliation Report to the applicable County Offices
- monitor County Office progress of reconciling the 02URGENT balances
- contact Sue Tolle, KCFO at 816-926-5965 or **MSTOLLE@kcc.usda.gov** when corrective actions have been completed.

B County Office Action

All reconciliations must be completed **before** implementation of the web farm version of MILC software. All County Offices shall complete all payment reconciliations by **December 31, 2003**.

3 Definitions and Reconciliation Problems

A 02URGENT Reconciliation Report Column Definitions

The following table provides definitions of the columns shown on the 02URGENT Reconciliation Report. The report lists all TIN's within the County Office with an 02URGENT and/or receivable balance. The 02URGENT Reconciliation Report is displayed in paragraph 6.

Column	Column Title	Definition
1	St & Cty Code	State and County numeric code where 02URGENT activity was entered.
2	Tax Identification	Payee's Taxpayer Identification number.
3	Cty Trans #	System generated number.
4	MILC Transaction Description	Description of the MILC activity performed as follows. • MILC Payment - transition and monthly payments made using the MILC software. **Note:** No corrective action required for MILC payments for Program Year 02. • 02URGENT Payment - payment made using the 02URGENT program code. • MILC/URGENT Replacement - payment is shown when County Office has entered MILC production and contract payment data in MILC software as instructed in Notice PS-473 and answered "Y" to the question: "Was this already paid using 02URGENT". Shown as a negative amount • 02 URGENT Receivable - receivable established with an 02URGENT program code. • 02 URGENT Receivable Collection - amount collected for receivable established with 02URGENT program code.
5	Service Acct Key	System generated number. **Example:** 199262802 is a 2002 program payment. 199801003 is a 2003 program payment.
6	Calendar Date	Payment issue date or collection date.
7	Contract #	Contract number entered by County Office for the payment.
8	URGENT	Amount of 02URGENT and MILC/URGENT Replacement payment. **Note:** Balance in total column will be zero when all 02URGENT payments have been reconciled.
9	URGENT Debt	Amount of 02URGENT receivable claim establishment or collection. Cumulative total of this column is net balance of receivable establishment and collection transactions.
10	MILC	Amount of payment made using the MILC Software.

3 Definitions and Reconciliation Problems (Continued)

B Reconciling 02URGENT Reconciliation Report

This subparagraph outlines 02URGENT payment reconciliation problems and the action required by county office to fix the problem. Use the following table to determine which subparagraph provides the solution required to reconcile the report.

Problem Number	Description of Reconciliation Problem	Instructions for Reconciling Problem	Example Reconciliation and Display
1	Balance appears in URGENT Total column and **no** MILC/URGENT Replacement transaction has been recorded for the TIN. **Note:** Problem will occur if County Office: • did not reconcile 02URGENT by entering contract and issuing payment data in MILC software as instructed in Notice PS-473 • entered the contract and issuing payment data in the MILC software using a TIN different from TIN used to issue the 02URGENT payment.	4 A	6 A
2	Balance appears in URGENT Total column and a MILC/URGENT Replacement transaction has been recorded for the TIN. **Note:** Problem will occur when the 02URGENT payment amount is different from amount of the MILC/URGENT Replacement transaction calculated in the MILC software.	4 A	6 B
3	Balance appears in the URGENT Debt Total column.	4 B	6 C

4 Reconciliation Instructions

A Reconciling 02URGENT Balances - Problems 1 and 2 in Paragraph 6

County Offices shall follow instructions in this table to reconcile 02URGENT Reconciliation Report when there is a balance in URGENT Total column. Even if a county has already performed some of these reconciliation actions, the following steps should be performed to ensure that all payments are deleted and re-entered in MILC software.

Step	Action	Result
1	Access MILC Software according to Notice PS-473 and cancel all 2003 MILC payments, beginning with the most recent and going back to October 2002, according to Notice PS-473, paragraph 5. **Note:** Skip this step if **no** MILC/URGENT Replacement check was recorded in the MILC software for the 02URGENT payments.	Receivables will be created in the Common Receivable System (CRS) with program code XXMILC or XXMILCTP.
2	Access Accounting-Check Writing Application, Option 4, "Cancel a Payment," on Menu ANK000 and cancel all 02URGENT payments issued for the TIN according to 1-FI, paragraph 248. **Note:** To ensure that a receivable is created answer "No" to the question, "Is the payment available?".	Receivables will be created in the CRS with a 02URGENT program code.
3	Access MILC software according to Notice PS-473: • re-enter MILC data as instructed in Notice PS-473. • answer "No" to the question, "Was this already paid using 02URGENT?" on MILC Payment Screen.	Process will continue through Accounting to generate MILC payments using program code XXMILC or XXMILCTP as entered by the county office.
4	In Accounting, on "Interim Payment Process Screen", setoff the entire balance of XXMILC or XXMILCTP payment as instructed in 1-FI, paragraph 161. **Note:** Setoff will be used to satisfy receivables established in steps 1 and 2.	CCC-184, payment to CCC, will be created for the setoff amount.
5	In CRS, use the CCC-184 created in step 4 to apply a collection against the receivables established in steps 1 and 2. **Note:** See 67-FI, Part 5, Section 1.	If after applying the CCC-184 collection to all receivables there is: • a balance of funds on the CCC-184, refund the balance to the TIN, as instructed in 67-FI, paragraph 157. • an outstanding receivable balance, go to subparagraph 4 B for instructions on handling the debt.

4 Reconciliation Instructions (Continued)

B Reconciling MILC Receivables Transactions - Problem 3 in Paragraph 6

- Receivables Greater than $9.99

A balance will appear in URGENT Debt column of the 02URGENT Reconciliation Report, when the collection applied to receivables in subparagraph 4 A, step 5 is less than the amount of the receivables established in subparagraph 4 A, steps 1 and 2. The balance that appears in the URGENT Debt column is the amount overpaid to the producer. County Offices must perform normal debt collections procedures to collect the overpayment for receivables greater than $9.99.

Step	Action	Result
1	County Offices shall follow normal debt collection procedures for the balance due on all receivables established in sub paragraph 4 A, steps 1 and 2, according to 67-FI.	If receivable amount is outstanding more than 30 days after the first demand letter is issued, the receivable shall be transferred to claims.
2	Transfer the 02URGENT, XXMILC and XXMILCTP receivables to claims as instructed in 67-FI, Part 6. **Note:** Before transferring receivables to claims status, County Office must record all receivable collections and correct any receivable collection errors.	Debt will be processed in ACS. Go to paragraph 5.

4 Reconciliation Instructions (Continued)

B Reconciling MILC Receivables Transactions - Problem 3 in Paragraph 6 (Continued)

- Receivables $9.99 or less

If receivable balance in URGENT Debt column is $9.99 or less, receivable should immediately be transferred to claims. Do **not** write-off these receivables in CRS. In order to make the receivable eligible for transfer to claims, a date for a manual demand letter must be recorded in CRS. Follow instructions in the following table to record the manual demand letter date.

Step	Action	Result
1	Access Receivables Main Menu as instructed in 67-FI, Part 6: • select option 7, “Prepare Demand Letter” • select option 3, “Record Manual Demand Letter” • enter a date 31 days past the date of receivable establishment.	Receivable will be eligible for transfer to claims.
2	Transfer receivable to claims as instructed in 67-FI, Part 6. **Note:** Before transferring receivables to claims status, County Office must record all receivable collections and correct any receivable collection errors.	Debt will be processed in ACS. Go to paragraph 5.

5 Handling MILC Claims

A Adjusting 02URGENT Program Code

After 02URGENT receivable is transferred to claims, County Offices **must** adjust the program code, as instructed in 64-FI, subparagraph 374 E, and as follows. If:

- 02URGENT payment was made for a monthly MILC payment, adjust the program code to XXMILC

- 02URGENT payment was made for a transition period payment, adjust the program code to XXMILCTP.

Note: On Screen AVK13020 in ACS, ENTER discovery code “10”, Program Operations and reason code “201”, Previously - Incorrect Program was Entered.

If partial collection has been recorded for 02URGENT claim, before program code has been modified, collections will be reversed when program code is changed. Collection must be re-entered by following instructions in 64-FI, Part 18.

B Handling Claims 9.99 or less

Any XXMILC or XXMILCTP claim with a balance of $9.99 or less shall be written off as instructed in 64-FI, paragraph 83.

Note: On Screen AVK12810 in ACS, ENTER discovery code “10”, Program Operations and reason code “220”, Producer is not liable for the claim.

6 Reconciliation Report Display

A Problem 1

Examples of how Problem 1 will appear in the 02URGENT Reconciliation Report, follow.

Example 1 - no Contract # or issuing payment date was recorded in MILC software for 02URGENT payment. County Office would follow subparagraph 4 A, steps 2 through 5, to reconcile the 02URGENT payment in the amount of $522.80. No action is required for MILC Payments for Program Year 2002.

St & Cty Code	Tax Identification	Cty Trans #	Milc Transaction Description	Service Acct Key	Calendar Date	Contract #	URGENT	URGENT Debt	MILC
11133	378893XXX	0884	02 URGENT Payment	199262803	02/25/03		522.80		
11133	378893XXX	0854	MILC Payment	199801002	10/25/02	00092			1,675.22
11133	378893XXX	0854	MILC Payment	199801502	10/25/02	00092			673.71
11133	378893XXX	0861	MILC Payment	199801502	10/25/02	00092			-673.71
11133	378893XXX	0876	MILC Payment	199801502	10/25/02	00092			689.63
11003	**378893XXX**	**Total**	**Total**	**Total**	**Total**	**Total**	**522.80**		

Example 2 - Contract # and URGENT issuing payment data in the amount of $147.94, was entered in MILC software with incorrect TIN. County Office would follow subparagraph 4 A, steps 1 through 5, to reconcile 02URGENT payments for both TIN's and MILC/URGENT Replacement payment. No action required for the MILC Payments for Program Year 2002.

St & Cty Code	Tax Identification	Cty Trans #	Milc Transaction Description	Service Acct Key	Calendar Date	Contract #	URGENT	URGENT Debt	MILC
11133	11111111	0884	02 URGENT Payment	199262802	01/21/03		147.94		
11133	**11111111**	**Total**	**Total**	**Total**	**Total**	**Total**	**147.94**		
11133	22222222	0854	MILC Payment	199801002	10/25/02	00006			219.19
11133	22222222	0854	MILC Payment	199801502	10/25/02	00006			1,456.56
11133	22222222	0861	02 URGENT Payment	199262802	11/26/02		184.58		
11133	22222222	0876	02 URGENT Payment	199262802	12/19/02		172.96		
11133	22222222	0892	02 URGENT Payment	199262802	02/24/03		126.40		
11133	22222222	0907	MILC/URGENT Replacement	084801003	04/22/03	00006	-631.88		

6 Reconciliation Report Display (Continued)

B Problem 2

In this example, the following actions were recorded by the county office:

- an 02URGENT payment in the amount of $722.60 was issued and then canceled, resulting in a 02URGENT receivable establishment

- 02URGENT payment information was recorded in the MILC software, MILC software calculated a MILC payment (MILC/URGENT Replacement) in the amount of $416.92, MILC/URGENT Replacement was then canceled

- 02URGENT payment information was re-entered in MILC software, MILC software calculated a MILC payment (MILC/URGENT Replacement) in the amount of $1,396.31.

To reconcile this TIN, follow instructions in subparagraph 4 A to cancel the $689.63 and $1,396.31 payments in the MILC software and re-enter the 2003 MILC data to create a payment that will be offset in order to satisfy the receivables.

St & Cty Code	Tax Identification	Cty Trans #	Milc Transaction Description	Service Acct Key	Calendar Date	Contract #	URGENT	URGENT Debt	MILC
11009	38884XXXX	1193	02 URGENT Payment	199262802	02/25/03		722.60		
11009	38884XXXX	1256	02 URGENT Payment	199262802	02/25/03		-722.60		
11009	38884XXXX	1256	02 URGENT Receivable	085262802	02/25/03			722.60	
11009	38884XXXX	1147	MILC Payment	199801502	10/23/02	00092			1,675.22
11009	38884XXXX	1241	MILC Payment	199801003	06/19/03	00092			673.71
11009	38884XXXX	1255	MILC Payment	199801003	06/19/03	00092			-673.71
11009	38884XXXX	1299	MILC Payment	199801003	10/22/03	00092			689.63
11009	38884XXXX	1255	MILC Receivable	085801003	06/19/03	00092			673.71
11009	38884XXXX	1241	MILC/URGENT Replacement	084801003	06/19/03	00092	-416.92		
11009	38884XXXX	1255	MILC/URGENT Replacement	084801003	06/19/03	00092	416.92		
11009	38884XXXX	1299	MILC/URGENT Replacement	084801003	10/22/03	00092	-1,396.31		
11009	**38884XXXX**	**Total**	**Total**	**Total**	**Total**	**Total**	**-1,396.31**	**722.60**	

6 Reconciliation Report Display (Continued)

C Problem 3

Examples of how Problem 3 will appear in the 02URGENT Reconciliation Report, follow.

Example 1 - County Office would follow instructions in paragraphs 4 and 5. County Office would transfer the 02URGENT receivable with $3.00 balance to ACS, adjust the program code, and write-off the small balance. No action is required to correct the 02URGENT payments because the URGENT balance is zero.

St & Cty Code	Tax Identification	Cty Trans #	Milc Transaction Description	Service Acct Key	Calendar Date	Contract #	URGENT	URGENT Debt	MILC
11005	390407XXX	2171	MILC Payment	199801502	10/17/02	00026			2,221.51
11005	390407XXX	2195	MILC Payment	199801002	11/21/02	00530			348.36
11005	390407XXX	2195	MILC Payment	199801502	10/17/02	00026			-2,221.51
11005	390407XXX	2195	MILC Payment	199801502	11/21/02	00530			2,221.51
11005	390407XXX	2195	MILC Receivable	085801502	10/17/02	00026			2,221.51
11005	390407XXX	2196	MILC Collections	425801502	11/22/02				-2,221.51
11005	390407XXX	2228	02 URGENT Payment	199262802	1/10/03		1,061.75		
11005	390407XXX	2236	02 URGENT Payment	199262802	1/23/03		587.75		
11005	390407XXX	2258	02 URGENT Payment	199262802	2/24/03		583.14		
11005	390407XXX	2319	MILC/URGENT Replacement	084801003	5/22/03	00530	-2,229.64		
11005	390407XXX	2335	02 URGENT Payment	199262802	1/23/03		-587.75		
11005	390407XXX	2335	02 URGENT Receivable	085262802	1/23/03			587.75	
11005	390407XXX	2335	MILC Payment	199801003	6/17/03	00530			584.75
11005	390407XXX	2335	MILC/URGENT Replacement	084801003	5/22/03	00530	1,167.89		
11005	390407XXX	2336	02 URGENT Receivable Collection	425262802	6/18/03			-584.75	
11005	390407XXX	2336	MILC/URGENT Replacement	084801003	6/18/03	00530	-583.14		

6 Reconciliation Report Display (Continued)

C Problem 3 (Continued)

Example 2 - County Office would follow instructions in paragraphs 4 and 5. County Office would transfer 02URGENT receivable with $654.94 balance to ACS, because the receivable is 30 days old and a demand letter has been forwarded to the producer. In ACS, 02URGENT program code should be modified. County Office would follow normal debt collection procedures to handle the claim. No action is required for the 02URGENT payments because the URGENT balance is zero.

St & Cty Code	Tax Identification	Cty Trans #	Milc Transaction Description	Service Acct Key	Calendar Date	Contract #	URGENT	URGENT Debt	MILC
11019	333333333	2122	MILC Payment	199801502	10/15/02	00048			19,534.87
11019	333333333	2148	02 URGENT Payment	199262802	11/29/02		10,028.44		
11019	333333333	2154	02 URGENT Payment	199262802	01/07/03		15,714.48		
11019	333333333	2177	02 URGENT Payment	199262802	02/12/03		6,748.49		
11019	333333333	2194	02 URGENT Payment	199262802	03/12/03		3,390.48		
11019	333333333	2230	MILC/URGENT Replacement	084801003	05/01/03	00048	-32,491.42		
11019	333333333	2233	02 URGENT Payment	199262802	03/12/03		-3,390.47		
11019	333333333	2233	02 URGENT Receivable	085262802	03/12/03			3,390.48	
11019	333333333	2233	MILC Payment	199801003	05/07/03	00048			2,735.54
11019	333333333	2234	02 URGENT Receivable Collection	425262802	05/08/03			-2,735.54	
11019	**333333333**	**Total**	**Total**	**Total**	**Total**	**Total**	**0.00**	**654.94**	