

For: FSA Offices

Processing 2004 Advance Counter-Cyclical (CC) Overpayments Transferred to Receivables

Approved by: Deputy Administrator, Management



1 Overview

A Background

Producers signing the 2004 Direct and Counter-Cyclical Program (DCP) contract agreed to refund any unearned CC payment received that exceeded the amount actually earned under the contract. Notice DCP-132 notified State and County Offices that a letter would be mailed to all producers who received a 2004 advanced CC payment informing them that the potential exists that a portion of their payment may have to be refunded. The letter provided the producer with the following 2 options for refunding the overpayment.

- Option 1, and a subsequent extension, allowed CCC to automatically reduce any DCP payment received between October 1, 2005, and October 31, 2006, to satisfy the obligation to repay the unearned advance.
- Option 2 allows the producer to repay the unearned CC payment following normal procedures under the Debt Collection Improvement Act of 1996 (DCIA).

When the overpayment process is run, the 2004 unearned CC payment will be transferred to receivables with a debt basis code of 10-325. Because a receivable will be present in the automated receivable system, the receivable flag in name and address will be set to "Y". Any payment being made to a producer with a receivable flag set to "Y" will be processed in the "O" batch mode, according to 6-FI, paragraph 65, regardless of the program application initiating the payment.

B Purpose

This notice advises County Offices of the procedures to follow when processing payments to producers with a 2004 CC receivable that has a debt basis code of 10-325.

Disposal Date

November 1, 2006

Distribution

All FSA Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contact

State Offices with questions about this notice shall contact Rodney Davis by either of the following:

- e-mail at **Rodney.Davis@wdc.usda.gov**
- telephone at 703-305-1310.

2 System 36/AS400 Screen for Receivables With Debt Basis Code of 10-325

A Displaying 10-325 Receivables for DCP Payments

The system provides for an automatic offset of the balance of a receivable with a debt basis code of 10-325 from any DCP payment. However, since the receivable flag in name and address is set to “Y”, the System 36/AS400 will present Interim Payment Process Screen ABK10001 if there is an amount remaining that is due the producer. **This is an example** of Screen ABK10001 with an automatic offset being applied.

The screenshot shows a terminal window titled "Session A - [24 x 80]". The menu bar includes File, Edit, Transfer, Appearance, Communication, Assist, Window, and Help. The toolbar contains icons for PrintScreen, Copy, Paste, Send, Recv, Display, Color, Map, Record, Stop, Play, Quit, Clipbrd, Support, and Index. The main display area shows the following text:

```
Accounting          091 JOHNSON          Deductions      ABK10001
Interim Payment Process Screen          Version: AA01  10-06-2004 10:14 Term U3
-----
Producer/Non-producer ID:  410 24 3077 S      JOHN J MCCAUGHAN JR
Reference Number:          1307      Program Code:      03DCPCCPNUT
                               Payable amount:          $9,777.00
Amount reduced for Receivable Offsets:          $381.00
Amount remaining to be disbursed          $9,396.00

Enter amount due FSA/CCC Claim          _ .....
or Enter amount due FSA/CCC Receivable    .....
or Enter amount due Other Payees         .....

Are there additional payments to be entered?  , , (Y)es or (N)o

Enter=Continue
```

The status bar at the bottom shows "M a" on the left, "11/062" on the right, and "Connected to remote server/host dev4 using port 23" at the bottom.

Note: The upper-right portion of this screen will be displayed for **any** DCP payment if the receivable flag is set to “Y”. The “Amount reduced for Receivable Offsets:” field will display “0.00” if there is not a receivable with a debt basis code of 10-325.

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2 System 36/AS400 Screen for Receivables With Debt Basis Code of 10-325 (Continued)

A Displaying 10-325 Receivables for DCP Payments (Continued)

As the Screen ABK10001 example shows, when a DCP payment is being issued, the upper-right portion of Screen ABK10001 displays the payment earned, the amount being applied for the receivable, and the remaining amount due the producer. If the producer:

- has any other debt, the County Office shall enter the amount to be applied from the remaining amount due the producer to the “amount due FSA/CCC Claim” field, or the “amount due FSA/CCC receivable” field, or “amount due other payees” field
- does not have any other debt, the County Office shall tab down to the “Are there additional payments to be entered?” field and ENTER “N”.

The DCP automated reduction amount will be derived from any receivable coded as debt basis reason 10-325. The reduction amount will be applied to the receivable automatically; a check to CCC will not be printed.

If an amount is withheld for another debt, a check will be printed to CCC for the amount of the withholding for the other debt.

Notes: If the receivable with a debt basis code of 10-325 is equal to, or greater than, the DCP payment being issued, the payment will not be displayed. A Disbursement Transaction Statement will be printed showing the entire payment being withheld and applied to the receivable.

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2 System 36/AS400 Screen for Receivables With Debt Basis Code of 10-325 (Continued)

B Displaying Interim Payment Processing Screen for Other Program Payments

While the receivable flag in name and address is set to “Y” for producers with a receivable that has a debt basis code of 10-325, all program payments made to the producer will be processed in the “O” batch mode, and Screen ABK10001 will be displayed. If the producer elected:

- option 1 and the date is before October 31, 2006, tab to the “Are there additional payments to be entered?” field and ENTER “N”

Note: The total payment will be made to the producer.

- option 1 and the date is after October 31, 2006, follow normal collection procedures according to DCIA
- option 2, DCIA procedures have been followed, and there is a remaining balance due for the receivable, withhold the amount due

Note: A check will be made payable to CCC. Record the receivable collection through the receivable system.

- option 2 and DCIA procedures have not been followed, do not withhold the amount due. Tab to the “Are there additional payments to be entered?” field and ENTER “N”. The total payment will be made to the producer.

3 National Payment Service (NPS) Processing Debt Basis Code of 10-325

A Payments Processed Through NPS

NPS will not recognize a receivable if the debt basis code is 10-325. Payments will be processed according to Notice FI-2697.

4 Resetting the Receivable Flag

A When to Reset the Receivable Flag

County Offices shall reset the producer’s receivable flag in name and address to “N” **only** after all receivables have been totally satisfied, and there is no remaining receivable balance for any program.

B How to Reset the Receivable Flag

Follow instructions in 1-CM, paragraph 211 to reset the receivable flag in name and address to “N”.