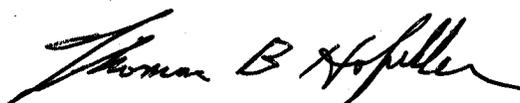


**For:** State and County Offices; KC-ITSD

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**Concentration Banking (CB) Procedures**

**Approved by:** Associate Administrator for Operations and Management



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**1 Overview**

**A Background**

Most standard local depository (LD) CCC-423's were entered into during calendar years 1986 through 2007 and may not have been reviewed or revised from the date entered into with LD.

Reviews show that some LD's are holding deposits for 3 to 10 days and charging overdrafts when the County Office transmits the deposit before LD's established holding period.

**B Purpose**

This notice:

- provides procedure and required action on the requirement to review standard LD contracts
- reminds CB offices of required monthly reporting
- reminds County Offices of terms and conditions of CCC-423.

**C Contact**

State Offices with questions about this notice should contact Debbie Simmons by either of the following:

- e-mail at [debbie.simmons@wdc.usda.gov](mailto:debbie.simmons@wdc.usda.gov)
- telephone at 703-305-1309.

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**Disposal Date**

December 1, 2008

**Distribution**

State Offices and KC-ITSD; State Offices relay to  
County Offices

## Notice FI-2855

### 2 County Office Action

#### A Filing and Retention of CCC-423 and CCC-423-1

According to 7-FI, subparagraphs 78 A and 111 A, CCC-423 and CCC-423-1 shall be distributed according to the following:

- retain original CCC-423 and CCC-423-1 with signatures in the County Office

**Note:** File in FM-3-7 according to 25-AS.

- provide LD with signed original CCC-423 and CCC-423-1
- provide State Office a copy of CCC-423 and CCC-423-1 for retention.

#### B Verifying Account Balances and Timely Withdrawals

CCC-423, Section E (2) requires that LD will accept all ACH debit request for an amount that is less than or equal to the LD account ledger balance for the previous LD banking day and process the request to remit the requested amount to CB. If the LD account shows a negative balance with an adjusting credit advice remitted, LD will accept and process the entry so as to restore the LD account ledger balance to zero for that day.

LD is required to inform the County Office if deposits are not being withdrawn from the account. To ensure the withdrawal of deposits on the following workday, on the last day of the workweek, the County Office shall contact LD to determine the account balance after the day's deposit has been made. The account balance should be either of the following:

- current day's deposit amount
- amount deposited after the cutoff time on the previous day plus the current day's deposit amount.

County Offices shall document each weekly account balance in CCC-432, item 15.

If deposits are not being withdrawn in a timely manner according to CCC-423, Section E (2) from the account:

- remind LD of contract obligations to notify the County Office if deposits are not withdrawn overnight
- see 3-FI to:
  - confirm deposits
  - enter a retransmission record
  - process a phone-in deposit.

## Notice FI-2855

### 2 County Office Action (Continued)

#### C CCC-432

County Offices shall complete CCC-432 **monthly** and verify that the invoices received from LD abide by CCC-423 entered into with the County Office as required by 7-FI, paragraphs 147 and 148.

If the invoice does not contain adequate information, the County Office shall request additional information.

Do **not** approve invoices that exceed the amount on CCC-423 (Attachment B). Invoices exceeding the contractual amount must be disputed according to 7-FI, paragraph 150.

#### D Updating CCC-430

CCC-430 shall be updated if any of the following change:

- County Office information
- LD information
- CB information.

CCC-430 shall be FAXed to the Financial Service Center, Attn: Debbie King at 816-926-7546 for the following transaction types based on CCC-430, item 3:

- “Add”, see 7-FI, paragraphs 80 and 82
- “Delete”:
  - attach memorandum certifying that the account balance is zero and why the termination occurred
  - use the CCC Lockbox bank to make deposits according to 3-FI, paragraph 38
  - see 7-FI, paragraphs 112 and 113
- “Change” and the following things are changed:
  - deposit account number
  - routing number
  - LD employer identification number.

## Notice FI-2855

### 2 County Office Action (Continued)

#### E Monthly Review of CCC-432

County Offices shall review CCC-432. If CCC-432 reflects adjustments because of LD's errors (CCC-432, items 11 and 12), County Offices will prepare Exhibit 1 for LD referencing CCC-423 along with total adjustments made for the month. CED shall sign Exhibit 1.

#### F Amending CCC-423

CCC-423 can be amended for reasons in 7-FI, paragraph 110. County Office shall obtain approval from the State Office before making CCC-423 amendments. All applicable amendments will be made by completing CCC-423-1.

#### G Conditions for Termination by County Office

If the County Office determines that there is a breach in CCC-423, the County Office will immediately notify LD in writing of the breach and give LD fifteen calendar days after the written notice is mailed to correct the error.

The following are examples of breach of contract:

- withholding funds
- invoice charges do not agree with charges on CCC-423.

If the breach is not corrected within the 15 calendar days, County Offices shall see 7-FI, paragraphs 112 and 113.

#### H Liability and Damages

If LD fails to comply with any provisions of CCC-423 and the failure results in a delay in transferring funds to CB, LD will be liable to CCC for damages. Damages will be computed as the interest expense that CCC has incurred on the amount of the funds delayed. The amount of interest expense will be computed at CCC's borrowing rate for the period of time CCC was deprived of using the funds.

#### I Transmit Deposits Daily

County Offices shall not delay the recording or transmission of deposits. **Deposits must be transmitted on the day of the deposit.**

**Local Depository for Concentration Banking System Contract**



United States  
Department of  
Agriculture

Farm  
Service  
Agency

(County Office Address)

(Date)

To: Local Depository  
Attn: (Department)  
(City, State)

Attn: (Name of Bank Representative)

From: (CED)  
County Executive Director

Subject: Local Depository for Concentration Banking System Contract

Reply To Attn: (County) Farm Service Agency

This letter is in reference to adjustments that have been documented on Farm Service Agencies (Month) Compensation form due to (Local Depository Name) errors.

On (Date Contract/CCC-423 was signed by Depository Certifying Official), a Standard Depository Contract between (name of the Depository) and Commodity Credit Corporation of the United States Department of Agriculture was signed.

This is a reminder that in accordance with the contract in:

**Section (M) Default**

- (1) If the Depositor determines that the Depository has failed to fulfill, or is otherwise in default of, any of the terms and conditions of this Contract, the Depositor, after providing notice to the Depository and without affecting the Depositor's right with respect to termination of this Contract in accordance with paragraph N, may:
  - (a) Discontinue depositing funds in the Depository; and/or
  - (b) Allow the Depository 15 days after receipt of the notice from the Depositor specifying default to cure such default before the Depositor terminates this Contract as provided in paragraph N.
- (2) If, in order to prevent termination of this Contract, the Depository notifies the Depositor within the prescribed time period that corrective action has been taken to cure a default previously determined to exist by the Depositor under the provisions of this paragraph or paragraph N, the Depository will be required to pay for the full cost of any measures necessary to verify that such default has been cured.

No action to terminate contract will be made at this time, but please review contract for all terms and conditions.

If you need any further information, please feel free to contact this office at (phone number).

cc: CED, (County)  
District Director, (Last Name)

Phone: (xxx) xxx-xxxx

AN EQUAL OPPORTUNITY EMPLOYER

Fax: (xxx) xxx-xxxx