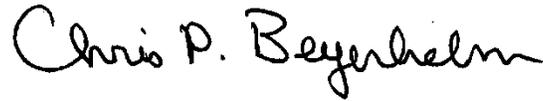


**For:** State and County Offices

**DD Oversight Review of Unauthorized Dispositions**

**Approved by:** Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

In Audit 03601-18-CH, "FSA Farm Loan Security", OIG noted some instances of inadequate oversight of FSA chattel security. In response to the audit's findings, FSA is reminding employees of the oversight policies for the following:

- using DLS – Loan Servicing for automated tracking of annual inspections, assessments, and year-end analysis
- manual tracking of unauthorized dispositions of chattel security that were incorporated in 1-FLP and 4-FLP.

**B Purpose**

This notice reminds State and County Offices of the following

- security oversight requirements contained in 4-FLP, Part 7
- the chattel security oversight requirements that were added to the DD Oversight Review in 1-FLP and 4-FLP.

**C Contact**

If there are any questions about this notice, contact Tamara Wilson, LSPMD at 202-690-4012.

Disposal Date	Distribution
March 1, 2011	State Offices; State Offices relay to County Offices

## Notice FLP-572

### 2 Policy

#### A 1-FLP

1-FLP, subparagraph 443 A and Exhibit 35 provide that DD will review unauthorized dispositions of chattel security and provide overall chattel security accounting on a quarterly and annual basis. A copy of the borrower's case file running record required in 4-FLP, paragraph 181 is filed in the DD Oversight Review file. DD will review the borrower's case file running record during the quarterly and annual review to ensure that all unauthorized dispositions are addressed.

#### B 4-FLP

Policy for the proper disposition of all security is addressed in 4-FLP, Part 7. Specifically, 4-FLP, paragraph 181 requires the authorized agency official to document an unapproved disposition of chattel security on FSA-2040 and in the borrower's case file running record. A copy of the borrower's case file running record will be filed in the DD Oversight Review file.

#### C DLS Phase III

Future DLS implementations will include automated tracking of unauthorized dispositions of chattel security to supplement or replace some manual procedures.