

For: State and County Offices

Questions and Answers From the National Video Teleconference (VTC) and Additional Instructions on FSFL Software Corrections for Repayments Affected by the 2012 Leap Year

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

A national VTC was conducted June 11, 2012, to review Notice PS-91. Several questions were asked about the instructions provided in the notice for correcting and re-entering repayments recorded from **February 29, 2012, through February 28, 2013.**

B Purpose

This notice provides State and County Offices with answers to questions asked during and after VTC.

C Contacts

For questions about:

- this notice:
 - County Offices shall contact State Offices
 - State Offices shall contact Stacy Carroll by e-mail to stacy.carroll@wdc.usda.gov or telephone at 202-690-8037
- NRRS:
 - County Offices shall contact State Offices
 - State Offices shall contact either of the following:
 - Carrie Miller by e-mail to carrie.miller@kcc.usda.gov or telephone at 816-926-2853
 - Cari McQueen by e-mail to cari.mcqueen@kcc.usda.gov or telephone at 816-926-6790.

Disposal Date	Distribution
January 1, 2014	State Offices; State Offices relay to County Offices

Notice FSFL-92

2 Questions and Answers

A Extension to Deadline for Process Corrections

Q1: Can a request be made to extend the August 31, 2013, deadline to complete the corrections?

A1: Yes. County Offices shall contact their State Office and the State Office specialist should e-mail Stacy Carroll at stacy.carroll@wdc.usda.gov and request the additional time needed to complete the corrections.

B Workload to Correct FSFL's

Q1: The workload to correct FSFL's is of great concern. Most of the corrections will involve amounts that are \$9.99 or less. Why are we tasked with correcting FSFL's when the amounts will most likely be small?

A1: Each individual FSFL may have corrected amounts that are \$9.99 or less. However, nationwide, the aggregate amount that has been credited to interest and not principal could be a difference of \$65,000 and impacts at least 18,000 FSFL's. Therefore, the corrections **must** take place on a case-by-case basis to ensure that loans will have accurate principal balances.

C Creating the Source Document in the State Office Reporting System (SORS)

Q1: Should there be any repayments deleted after February 28, 2013, from the SORS report for counties?

A1: No. After the SORS report is created, select and delete all rows with a repayment date earlier than February 29, 2012. However, any repayment that was recorded and corrected according to this process must be re-entered.

Q2: What do the abbreviations "LS", "LP", and "IP" mean in the SORS Report?

A2: Code definitions for FSFL repayment types are as follows.

FSFL Repayment Type Codes	
Code	Definition
IP	Installment Payoff
LP	Loan Payoff
LS	Lump Sum

Notice FSFL-92

2 Questions and Answers (Continued)

D Re-Entering Repayments

Q1: If an installment had multiple repayments on the SORS report that totaled the installment amount due, does the County Office re-enter the repayments in System 36 exactly as the installments were entered originally or just re-enter the total amount paid for that installment?

A1: If multiple repayments were cancelled according to Notice FSFL-91, subparagraph 3 A, re-enter **each** repayment individually, from **oldest to newest**.

Note: The repayment date entered for all repayments must be the same as the **original** repayment date.

E Correcting Final Repayments

Q1: Notice FSFL-91, subparagraph 5 A, states that FSFL's fully repaid between February 29, 2012, and February 28, 2013, involves a 2-step process, etc. Wouldn't this process be true for all FSFL's **fully repaid after February 29, 2012**?

A1: Yes. Any installment that was canceled according to Notice FSFL-91, paragraph 3, must be re-entered. This includes all installments from that date forward.

Example: FSFL had an installment paid March 15, 2012, that **must** be corrected. In addition, FSFL was fully repaid March 15, 2013. Two installments **must** be re-entered, the first installment dated March 15, 2012, and the final installment dated March 15, 2013.

Q2: Based on the Source Document generated, do we reverse repayments made from March 1, 2013, through the current date on any repayments or just final repayments?

A2: All repayments, including final repayments, dated March 1, 2013, or later, must be reversed. Also, all of the later repayments, including final repayments, **must** be re-entered.

Q3: If the only corrections are for installment/lump sum repayments and no **final** repayment was affected, then only APSS corrections are needed. Correct?

A3: Correct. The user will only need to re-create receipts for the repayments that settle FSFL in-full. The accounting for FSFL is done in System 36. System 36 tracks how much is principal and how much is interest, while NRRS does not. On the installment payments, the amount in NRRS will not change and no change is needed to the receipt.

For final FSFL repayments, when the user reduces the interest, the user must also reduce the amount of the repayment that is applied in the accounting system. Therefore, a receipt must be re-created to account for the smaller remaining amounts that will otherwise be counted as miscellaneous income.

Notice FSFL-92

2 Questions and Answers (Continued)

E Correcting Final Repayments (Continued)

Q4: In some situations, the County Office loaded the final repayment in System 36 APSS on 1 day and recorded the NRRS collection (receipt) a few days later. The date of repayment in System 36, as indicated on the FSFL report created according to Notice FSFL-91, is different than the schedule date in NRRS. Does this matter? If so, when users create the “manual schedule”, must the NRRS schedule date be used and not the APSS FSFL repayment date?

A4: Manual schedules are dated when they are created; therefore, no date can be entered. The effective date of the receipt **must** match the date of repayment that was input into System 36.

F Correcting FSFL Assumption Repayments

Q1: How should the County Office proceed with correcting a FSFL loan with an assumption agreement with a repayment that needs to be corrected?

A2: The County Office must submit a remedy ticket for FSFL assumptions that had repayments that need to be corrected. These corrections will be handled on a case-by-case basis through the National Help Desk. Once the remedy ticket information is received, forward it to **Stacy.Carroll@wdc.usda.gov**.

3 Additional Instructions for Processing NRRS FSFL Corrections Because of 2012 Leap Year

A Additional Instructions for Processing Corrections Timely

All steps for processing a single FSFL correction, from canceling the repayment in System 36 through verifying the deposit in NRRS, if required, **must** be completed by 2:45 p.m. c.t. each day. If the correction cannot be completed by 2:45 p.m. c.t., then users must do either of the following:

- defer all action on the correction until the following workday
- start the correction **after 3:15 p.m. c.t.**, so that all the steps will be posted to the accounting system on the same day.

Note: Failure to complete all steps in the same day will cause reconciliation issues in the accounting system.

Notice FSFL-92

3 Additional Instructions for Processing NRRS FSFL Corrections Because of 2012 Leap Year (Continued)

A Additional Instructions for Processing Corrections Timely (Continued)

The manual schedule created according to Notice FSFL-91, subparagraph 5 F, **must** be verified for the receipts to be posted properly. Ensure that the manual schedule is verified before 2:45 p.m. c.t. on the date the correction is made.

If the correction will create a refund of \$10 or greater that must be returned to the producer, then **before** creating the receivable, contact Cari McQueen by either telephone at 816-926-6790 or e-mail to **cari.mcqueen@kcc.usda.gov**.

B Additional Instructions for Processing Final Repayments

If the original final repayment resulted in a refund to the producer, the following steps *must* occur in NRRS.

Step	Action
1	Cancel and reapply the original repayment in System 36 according to the directions in Notice FSFL-91, paragraph 5 A.
2	Send an e-mail to Cari McQueen at cari.mcqueen@kcc.usda.gov with the original receipt ID.
3	Cari will delete the original receipt and send back an e-mail confirmation that: <ul style="list-style-type: none"> • the receipt has been deleted • Receivable # _____ for the original XXFSFLMR has been reopened • Receivable # _____ for the original refund issued has been created.
4	County Offices must adjust program principal amount on the reopened XXFSFLMR receivable to match the amount corrected in System 36.
5	Replace the original receipt according to Step: <ul style="list-style-type: none"> • 5A for "New" refunds of \$9.99 or less • 5B for "New" refunds of \$10 and up.
5A	"New" refunds of \$9.99 or less. (See Example 1.)
5A1	Process the first receipt using collection type "Existing Receivable", for the amount of the corrected repayment plus the amount of the original refund. <p>Note: When allocating the receipt, ensure that only the reopened XXFSFLMR receivable and the "new" receivable for the original refund have amounts applied.</p>

Notice FSFL-92

3 Additional Instructions for Processing NRRS FSFL Corrections Because of 2012 Leap Year (Continued)

B Additional Instructions for Processing Final Repayments (Continued)

Step	Action
5A2	<p>Process the second receipt for the difference in leap year interest as a direct sale “MISCINC”, according to the directions in Notice FSFL-91, paragraph 5 E.</p> <p>After preparing and verifying the manual schedule, the County Office will then send the 2 replacement receipt ID’s to Cari McQueen by e-mail to cari.mcqueen@kcc.usda.gov.</p>
<p>Example 1 ("New" refunds of \$9.99 or less):</p> <p>The original final payment due on 10FSFL was \$8,785. The producer brought in a check for \$9,000. The County Office created Receivable #1 with program code “10FSFLMR”, and Receipt #1 for \$9,000, that applied \$8,785 to Receivable #1 and sent a refund of \$115 to NPS, that was signed and sent to the producer. The corrected final payment in System 36 results in an amount due of \$8,880. On receiving the e-mail from the County Office, Cari McQueen deleted Receipt #1, that reopened Receivable #1 for \$8,885 and created Receivable #2 for \$115.</p> <p>The County Office access NRRS and adjust the program principal amount on Receivable #1 to \$8,880. The County Office will then create Replacement Receipt #1A with a remittance amount of \$8,995 and collection type “Existing Receivable”. The remittance will be allocated between the 2 receivables for a total receipt amount of \$8,995, with \$8,880 applied to Receivable #1 and \$115 applied to Receivable #2. The County Office will then create Replacement Receipt #2A for \$5 according to the directions in Notice FSFL-91, paragraph 5 E (collection type "direct sale" and program code "MISCINC").</p>	
5B	<p>“New” refunds of \$10 up. (See Example 2.)</p>
5B1	<p>Process a single receipt using collection type “Existing Receivable” for the amount of the original remittance.</p> <p>Note: When allocating the receipt, ensure that only the reopened XXFSFLMR receivable and the “new” receivable for the original refund have amounts applied.</p>

Notice FSFL-92

3 Additional Instructions for Processing NRRS FSFL Corrections Because of 2012 Leap Year (Continued)

B Additional Instructions for Processing Final Repayments (Continued)

Step	Action
5B2	<p>NRRS will automatically create a REFREP for the leap year interest difference and pass it to NPS.</p> <p>Note: The corrections in NRRS must be made timely, because the open receivables are subject to administrative offset and could reduce other payments issued to the producer.</p>
<p>Example 2 ("New" refunds of \$10 and up):</p> <p>The original final payment due on 11FSFL was \$5,960. The producer brought in the check for \$6,000. The County Office created Receivable #3 with program code "11FSFLMR" for \$5,960, and Receipt #3 for \$6,000. NRRS passed a "REFREP" of \$40 to NPS that was signed. The corrected final payment in System 36 results in an amount due of \$5,945. On receiving the e-mail from the County Office, Cari McQueen deleted Receipt #3 that reopened Receivable #3 for \$5,960, and established Receivable #4 for \$40. The County Office will access NRRS and adjust the program principal amount on Receivable #3 to \$5,945.</p> <p>The County Office will then create Replacement Receipt #3A with a remittance amount of \$6,000, and collection type "Existing Receivable". The remittance will be allocated between Receivable #3, for \$5,945 and Receivable #4 for \$40. NRRS will create a "REFREP" for the remaining \$15 that will pass to NPS after the manual schedule has been verified.</p>	

Note: Call Cari McQueen at 816-926-6790, if there are any questions about these instructions.