

For: FSA Offices

Electronic Milk Income Loss Contract Extension (eMILCX) Program Corrections Update

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

On April 7, 2006, eMILCX application and payment processing software was released nationwide to State and County Offices. Notice PS-551:

- informed State and County Offices that the initial eMILCX software release would allow County Offices to enter contract and production data and to process MILCX payments, but it would not provide for processing corrections
- provided that software for payment corrections would be provided at a future date in a separate release.

Because correction software is not yet available, many State Offices have reported to the National Office many underpayment and overpayment situations accumulating in County Offices that cannot be resolved.

B Purpose

This notice informs State and County Offices of interim procedure to handle underpayment and overpayment situations until eMILCX correction software is available.

C Contacts

Direct questions about this notice to either of the following.

Name	Telephone Number	E-mail
Dani Cooke	202-720-1919	danielle.cooke@wdc.usda.gov
Elizabeth Miller		elizabeth.miller@wdc.usda.gov

Disposal Date	Distribution
January 1, 2007	All FSA offices; State Offices relay to County Offices

Notice LD-569

2 eMILCX Corrections

A Overpayments

MILCX payments issued to producers that have resulted in an overpayment being disbursed cannot be corrected until eMILCX correction software is made available. eMILCX correction software is tentatively scheduled for production in November 2006. Finality rule provisions at 7 CFR Part 718 may apply to MILCX overpayment situations. However, as provided by 7-CP, subparagraph 18 C, the finality rule does **not** apply if the participant had reason to know that a determination was erroneous.

Therefore, until such time as correction software is available, County Offices shall use the letter in Exhibit 1 to notify all producers who have erroneously received an overpayment of MILCX program funds that:

- the amount of the overpayment will be determined when the correction software is available
- a refund of the erroneous overpayment will be required.

The letter is intended to provide program participants with sufficient knowledge that an error has resulted in an unintended overpayment of MILCX funds to the producer and meets the definition of a constructive reason to know the payment was in error as provided by 7-CP, Exhibit 2.

B Refunds

The correction software will establish receivables for overpayments. However, refunds may be manually deposited on CCC-257 before receivable establishment if **absolutely** necessary. Once eMILCX correction software is available and the receivable is established, the County Office **must** record the receivable collection and use the option for a manual CCC-257. Any refunds processed using a manual CCC-257 according to 3-FI **must** be recorded and maintained on a ledger for reconciliation in the eMILCX correction software when it becomes available.

Note: Although this option is available to process refunds of MILCX overpayments, it is highly recommended that County Offices wait for the availability of eMILCX correction software to accept any refunds from producers.

C Underpayments

Producers entitled to an additional MILCX payment because of an underpayment being disbursed **cannot** be corrected until eMILCX correction software is made available. eMILCX correction software is tentatively scheduled for production in November 2006. Prompt payment interest will apply to underpayments issued by the County Office later than 60 calendar days after the production evidence, for the month being corrected, is received in the County Office. Under **no** circumstance should a new contract for the same producer be entered in the eMILCX application software to issue a payment for the underpaid amount.

Notice LD-569

2 eMILCX Corrections (Continued)

D Corrections to Subsequent Months

County Offices are unable to correct and issue payments for months for which the payment has already been issued until correction software is available. However, corrections and payments may be made for months subsequent to a month that requires a correction, **only** if the payment for the subsequent months have **not** been signed, certified, and issued.

Note: County Offices shall provide the letter in Exhibit 1 to any producer who has a payment that requires correction.

3 Action

A State Office Action

SED's and STC's shall:

- ensure that County Offices immediately provide the letter in Exhibit 1 to all known MILCX program participants who have a payment situation that requires correction
- direct questions about this notice to the National Office according to subparagraph 1 C.

B County Office Action

County Offices shall:

- notify dairy producers with MILCX payments that require a correction using the letter in Exhibit 1
- forward questions about the contents of this notice through the State Office specialist.

MILCX Correction Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
(County Office Address)
(County Office Telephone Number)

(Date)

Producer Name
Address

Dear Producer:

It has been determined that you have received an incorrect payment amount under the Milk Income Loss Contract Extension (MILCX) program for (month and year) that requires correction. This correction may also require additional corrections to payment amounts received for subsequent months. Correction of the payment amount(s) by Commodity Credit Corporation (CCC) will result in either of the following:

- an underpayment for which CCC owes to you additional monies; or
- an overpayment for which you will be required to refund the overpaid amount to CCC.

The software to correct the error and re-calculate the correct payment amount is not yet available. Therefore, we are unable to process the underpayment or overpayment at this time. When data elements in the software that affect the payment amount (i.e. production, shares, etc.) can be adjusted appropriately and the correct payment amount has been determined, you will be provided notice of either of the following:

- underpayment, for which you will receive an additional disbursement plus interest, or
- overpayment, for which you will be required to refund the overpaid monies to CCC according to prescribed repayment options.

The Farm Service Agency ensures that agricultural producers receive the monies for which they are entitled. Please consider this pre-notification of an incorrect payment. The disbursement of underpaid amounts or refund of overpaid amounts is not due at this time. This office will contact you when the correct overpayment or underpayment is calculated and will advise you of the action to be taken.

We apologize for any inconvenience this may have caused.

Sincerely,

County Executive Director