

For: State and County Offices

Handling Corrections for Electronic Milk Income Loss Contract (eMILCX) Program

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Notice LD-569 provided:

- provisions for State and County Offices to follow to handle incorrect eMILCX payments that cannot be corrected until eMILCX correction software is available
- November 2006 as the tentative scheduled date for production of the eMILCX correction software
- a letter for County Offices to send to producers who had received overpayments through eMILCX software
- a disposal date of January 1, 2007.

B Purpose

This notice:

- informs State and County Offices to continue to follow procedure in Notice LD-569 and this notice to handle underpayment and overpayment situations until eMILCX correction software is available
- provides a revised date for the tentative release of eMILCX correction software.

Disposal Date	Distribution
May 1, 2007 2-14-07	State Offices; State Offices relay to County Offices

Notice LD-581

1 Overview (Continued)

C Contact

Direct questions about this notice to either of the following.

Name	Telephone Number	E-Mail Address
Dani Cooke	202-720-1919	danielle.cooke@wdc.usda.gov
Elizabeth Miller	202-690-8038	elizabeth.miller@wdc.usda.gov

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. Because of slippage in the software development timeline, eMILCX correction software is now tentatively scheduled for production in April 2007. Finality rule provisions in 7 CFR Part 718 may apply to MILCX overpayment situations. However, as provided in 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 any 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 that definition of a constructive reason to know the payment was in error as provided in 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.

Notice LD-581

2 eMILCX Corrections (Continued)

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 now tentatively scheduled for production in April 2007. 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.**

D Corrections to Subsequent Months

Until correction software is available, County Offices are unable to correct and issue payments for months for which the payment has already been issued. 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.

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 MILCX program participants who have a payment situation that requires correction that have not already received the letter in Exhibit 1
- not require the letter contained in Exhibit 1 to be sent to producers who have already received a letter for an underpayment that existed when Notice LD-569 was issued
- 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 as applicable
- 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