

For: Tobacco State and County Offices

Preparing for FY 2007 Tobacco Transition Payment Program (TTPP) Annual Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

FY 2007 TTPP annual payment cycle is tentatively scheduled for processing on January 12, 2007. Notice PL-146 mandates that FSA take action to identify and reduce improper payments. In preparing for the annual payment sweep, County Office personnel are required to:

- review, at a minimum, all 8-year TTPP contracts before FY 2007 annual payments are disbursed

Note: Eight-year contracts that must be reviewed will be provided to the applicable County Office by the State Office.

- review **all** other TTPP contracts not later than September 30, 2007
- ensure contract assignments are entered according to established TTPP procedures before payment processing.

To assist users during this review, a new report, Unpaid Contracts Report, will provide users with a complete list of all contracts in “Approved” or “In-Dispute” status. The Payment (Reconciliation) Status Report has been enhanced to provide more contract data per page and detail information for contract payments after the annual cycle has been processed.

B Purpose

This notice provides:

- guidance about payment validation for the 2007 TTPP annual payment cycle
- instructions for using the new Unpaid Contracts Report (Pre-Payment Report)
- enhancements to the Payment (Reconciliation) Status Report
- instructions for using the new CCC-770 TTPP checklist.

Disposal Date	Distribution
November 1, 2007	Tobacco State Offices; State Offices relay to County Offices

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2 Action

A County Office Action

Before **January 16, 2007**, County Offices shall:

- follow internal controls and procedures to reasonably ensure that payments and disbursements are valid and sufficiently supported to prevent improper payments
- become familiar with TTPP automated subsidiary eligibility checks for producer contract payments
- become familiar with the new Unpaid Contracts Report and the enhanced Payment Reconciliation Report
- use the new Unpaid Contracts Report to validate all contracts in “Approved” and “In-Dispute” statuses
- ensure all assignments are established at the contract level
- ensure all assignees are loaded in the State and County Information Management System
- ensure that remaining contracts with invalid base quota levels (BQL’s) or taxpayer ID numbers (TIN) are placed into “In-Dispute” status
- ensure all contracts where a CCC-971 was not processed are placed into “In-Dispute” status, excluding contracts where CCC-971 was filed after November 1, 2006, that are not effective until the FY 2008 payment
- complete CCC-770 TTPP (Exhibit 1) for **all** new 8-year contracts (ORG, 971, TXC, TXN) **before** FY 2007 payment disbursement.

Note: Spreadsheets will be e-mailed to each County Office containing all 8-year contracts (ORG, 971, TXC, TXN) that require CCC-770 TTPP reviews before FY 2007 payment disbursement.

Before **September 30, 2007**, County Offices shall complete CCC-770 TTPP (Exhibit 1) for all approved TTPP contracts.

B CED Action

CED’s shall spot-check a minimum of 10 quota holder and 10 producer CCC-770 TTPP checklists completed for each kind of tobacco each FY quarter (includes October through December FY 07 quarter). CCC-770 TTPP checklist reviews **must** be included in COC minutes by contract number.

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2 Action (Continued)

C State Office Action

State Offices shall:

- become familiar with the new Unpaid Contracts Report and enhanced Payment Reconciliation Report
- e-mail each County Office their respective 8-year contract list spreadsheet not later than **December 15, 2006**
- report to NTPC by FAX at 609-620-7865, a list of CCC-770 TTPP checklists by contract number reviewed by DD (use Exhibit 2), in which DD did **not** concur with CED review not later than **November 16, 2007** (Negative report required)

Note: Include a copy of respective CCC-770 TTPP.

- ensure County Offices follow the provisions of this notice.

D DD Action

DD's shall:

- ensure County Offices follow the provisions of this notice
- spot-check all STC, COC, and/or employee TTPP contracts and document on CCC-770 TTPP
- spot-check a minimum of 5 quota holder and 5 producer CCC-770 TTPP checklists for each kind of tobacco reviewed by CED, per County Office, per FY quarter, includes October through December FY 07 quarter

Note: CED reviews **must** be included in COC minutes by contract number

- select CCC-770 TTPP checklist contracts from COC minutes
- report to the State Office (use Exhibit 3) by FY quarter, a list of CCC-770 TTPP checklist contracts reviewed and status of concurrence (concur or do not concur) not later than **November 2, 2007**.

E NTPC Action

NTPC shall e-mail each State Office their respective 8-year contract list spreadsheet not later than December 13, 2006.

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3 Pre-Payment Procedures for 2007 Annual Payment Processing

A When to Place Contracts into “In-Dispute” Status

TTPP contracts that **should** be updated to “In-Dispute” status before 2007 payment processing are:

- erroneous contract payments identified through CCC-770 TTPP checklist review process
- contracts that have been paid erroneously in either 2005 or 2006 that have not been corrected because of software limitations
- contracts with invalid BQL’s (under/overpayment)
- contracts with invalid TIN’s
- contracts where CCC-971 was filed by November 1, 2006, that have **not** been processed, including CCC-971’s filed after November 1, 2006, because of death
- contracts that are currently under administrative appeal.

B TTPP Automated Subsidiary Eligibility Checks

During FY 2007 payment processing, TTPP will perform checks using the following criteria for producer contracts.

IF the original contract was...	THEN TTPP will...
<p>paid in full in a prior year (2005 or 2006)</p>	<p>not check any subsidiary flags except for the “controlled substance violation” flag on the existing contract holder or the new contract holder as a result of CCC-971 transfer.</p> <p>Note: CCC-971 resulting producer contracts are only checked for “controlled substance violations” before payment.</p>
<p>not paid in full in a prior year (2005 or 2006)</p>	<p>perform a full subsidiary eligibility check on the original contract holder; however, no checks are made to new contract holders as a result of CCC-971 transfer.</p> <p>Note: If the transferring contract holder was partially paid or not eligible for payment at the time of transfer, CCC-971 transfer would have been denied. Partial payments can occur, for example, when 1 of the members of a general partnership has an ineligible subsidiary flag. The system would have deducted the ineligible member’s share of the payment.</p>

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4 System Functionality for Reports

A Report Overview

The first thing users will note, when reviewing reports outlined in this notice, will be the new cover page attached to each report. The cover page will include a legend decoding the different abbreviations used in the requested report.

A new Unpaid Contracts Report (see subparagraph B) is now available through TTPP Reports Menu and will be used as a Pre-Payment Report to validate contract owners and amounts before payment. At the user's request, this new report will list all contracts in either "Approved (AP)" or "In-Dispute (DI)" status. User shall print this report for the period December 15, 2006, through December 18, 2006, and then again before January 12, 2007.

The Payment Reconciliation Report (see subparagraph C) has been enhanced to display TTPP contracts as a single line item, allowing more contracts per page. A number of new fields have been added to provide users with more detailed contract information. New fields include:

- Approval Date
- Contract Origin
- Total Contract Amount
- Annual Installments
- Annual Payment Amount
- Transaction Amount.

B Unpaid Contracts Report (Pre-Payment Report)

The new Unpaid Contracts Report is available to users through TTPP Reports Link, "Search Reports By Name."

The screenshot shows the USDA Tobacco Transition Payment Program website. At the top left is the USDA logo with the text "United States Department of Agriculture". To the right of the logo is the title "Tobacco Transition Payment Program". Below the title is a navigation bar with links: "TTPP Home", "About FSA", "Help", "Contact Us", and "Logout". The main content area is divided into two sections. On the left is a "Links" box containing: "Section 508", "Accessibility", "Manage Farm (Quota Holder)", "Quota Holder Data", "Producer Data", "Manage contract payment", "Prompt Pay Interest", and "Contract Maintenance Reports". On the right is a "Report Selection Criteria" box containing: "Contract Status Report", "Payment Status Report", "Deleted and/or Added Quota Holders Report", "Deleted and/or Added Producers Report", and "Search Reports By Name" (highlighted in red).

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4 System Functionality for Reports (Continued)

B Unpaid Contracts Report (Pre-Payment Report) (Continued)

Under Report Name dropdown box, select “Unpaid Contracts Report”. Under Contract Status, select “Approved” or “In-Dispute”. Under Program Year, select “2007”, and CLICK “View PDF Report.”

The screenshot shows the USDA Tobacco Transition Payment Program (TTTP) search interface. At the top left is the USDA logo and the text "United States Department of Agriculture". The main title is "Tobacco Transition Payment Program". Below the title is a navigation bar with links: "TTTP Home", "About FSA", "Help", "Contact Us", and "Logout". On the left side, there is a "Links" menu with the following items: "Section 508", "Accessibility", "Manage Farm (Quota Holder)", "Quota Holder Data", "Producer Data", "Manage contract payment", "Prompt Pay Interest", and "Contract Maintenance Reports". The main content area is titled "Search Reports By Name". It contains three dropdown menus: "Report Name" (set to "Unpaid Contracts Report"), "Contract Status" (set to "Approved"), and "Program Year" (set to "2005"). The "Program Year" dropdown is open, showing options: "Select One", "2005", "2006", and "2007". Below the dropdowns is a "View PDF Report" button.

The following is an example of the new cover page, with legend, that will display on each TTTP Unpaid Contracts Report request.

The screenshot shows the cover page of a TTTP Unpaid Contracts Report. The page title is "TTTP Unpaid Contracts Report , Cover Page - State: GEORGIA(13)". The page includes the following information: "County: Appling(001)", "Date: 11-02-2008", "Year:2006", and "Status:Approved". The main content area contains a legend with the following items:

- Legend:**
 - Contract Type QH - Quota Holder Contract (CCC-955)
 - Contract Type PR - Producer Contract (CCC-956)
- Contract Origin:**
 - ORG - Original Contract created by County Office
 - BQ-Incr - Contract is the result of BQL change that increased the BQL of the original contract
 - BQ-Decr - Contract is the result of BQL change that decreased the BQL of the original contract
 - BQ-NoChg - Contract is the result of BQL change that had a net zero change to the BQL of the original contract
 - TXN - Contract is the result of Tax Id change to a different person (different tax id, different person)
 - TXC - Contract is the result of Tax Id change to the same person (different tax id, same person - e.g. typo in tax id)
 - 971 - Contract is the result of a CCC-971 transfer process
- Contract Status:**
 - AP - Approved
 - DI - In Dispute

The page also features a sidebar with navigation options: "Bookmarks", "Signatures", "Layers", "Pages", and "Comments".

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4 System Functionality for Reports (Continued)

B Unpaid Contracts Report (Pre-Payment Report) (Continued)

The following is an example of the new TTPP Unpaid Contracts Report. The report is sorted by the last 6 digits of contract number, then crop code.

TTPP Unpaid Contracts Report- State: GEORGIA(13) County: Appling(001) Date: 11-02-2006											
Year: 2006 Status: Approved											
Contract Number	Contract Status	Approval Date	Contract Origin	Contract Type	Total Contract Amount	Annual Installments	Name	Tax ID/ Type	Annual Payment Amount	Amount Paid	Amount Owed
999999999999	AP	07/12/2006	ORG	QH	\$3,101.00	10	JOHN DOE	*****0000(B)	\$310.10	\$0.00	\$310.10
999999999999	AP	07/13/2006	ORG	PR	\$50,871.00	10	SMITH STEVE	*****0000(B)	\$5,087.10	\$0.00	\$5,087.10
999999999999	AP	07/12/2006	ORG	QH	\$16,591.20	10	JOHN DOE	*****0000(B)	\$1,659.20	\$0.00	\$1,659.20
999999999999	AP	09/23/2006	ORG	QH	\$1,400.00	10	JOHN DOE	*****0000(B)	\$140.00	\$0.00	\$140.00

The following is an example of TTPP Unpaid Contracts Report summary page.

TTPP Unpaid Contracts Report- State: GEORGIA(13) County: Appling(001) Date: 11-02-2006			
Year: 2006 Status: Approved			
Total Number of Contracts	Total Annual Payment Amount	Total Amount Paid to-date	Total Amount Owed
10	\$7,586.70	\$ 0.00	\$ 7,586.70

C Payment Status (Reconciliation) Report

The Payment Status Report has been modified to include the new Cover Page with Legend.

Payment Reconciliation Report, Cover Page -State: GEORGIA(13) County: Berrien(019) Date: 11-03-2006			
Program Year: 2005	Start Date: 10/10/2005	End Date: 10/10/2006	Payment Status: Failed
<p>Legend: Contract Type QH - Quota Holder Contract (CCC-955) Contract Type PR - Producer Contract (CCC-956)</p> <p>Contract Origin: ORG - Original Contract created by County Office BQ-Incr - Contract is the result of BQL change that increased the BQL of the original contract BQ-Decr - Contract is the result of BQL change that decreased the BQL of the original contract BQ-NoChg - Contract is the result of BQL change that had a net zero change to the BQL of the original contract TXN - Contract is the result of Tax Id change to a different person (different tax id, different person) TXC - Contract is the result of Tax Id change to the same person (different tax id, same person - e.g. typo in tax id) 971 - Contract is the result of a CCC-971 transfer process</p> <p>Contract Status: AP - Approved DI - In Dispute CL - Cancelled SI - Sold</p> <p>Note: For failed payment requests due to Eligibility errors, the data shown is for all years (the data can not be shown by year at this time). For other than Eligibility errors, the data is shown by requested year.</p>			

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4 System Functionality for Reports (Continued)

C Payment Status (Reconciliation) Report (Continued)

This is an example of the enhanced Payment (Reconciliation) Status Report. New fields have been added to assist in post-payment research.

Example: In this example the user selected Approved Contracts that have Failed because of an error condition. The report is sorted by the last 6 digits of contract number, then crop code.

Payment Reconciliation Report - State: GEORGIA(13) County: Berrien(019) Date: 11-03-2006											
Program Year:2005		Start Date: 10/10/2005		End Date: 10/10/2006		Payment Status:Failed					
Contract Number	Contract Status	Approval Date	Contract Origin	Contract Type	Total Annual Contract Install-Amount	Name	Tax ID/Type	Annual Payment Amount	Transaction Amount	Payment Request Date	Status
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	****XXX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	****XXX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	****XXX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	****XXX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	****XXX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	09/01/2006	ORG	QH	\$420.00	10 DOE JOHN	****XXX(S)	\$42.00	\$42.00	09/01/2006	Unsigned Payment Cancelled (NPS)

This is an example of TTPP Payment (Reconciliation) Status Report summary page.

Payment Reconciliation Report - State: GEORGIA(13) County: Berrien(019) Date: 11-02-2006							
Program Year:2005		Start Date: 10/10/2005		End Date: 10/10/2006		Payment Status:Failed	
Total Number of Contracts		Total Annual Payment Amount					
6		\$16,005.50					

CCC-770 TTPP

The following is an example CCC-770 TTPP that shall be completed for all new 8-year contracts before FY 2007 payment disbursement and all other 2007 payments before September 30, 2007.

This form is available electronically.

CCC-770 TTPP U.S. DEPARTMENT OF AGRICULTURE (12-08-06) Commodity Credit Corporation TOBACCO TRANSITION PAYMENT PROGRAM (TTPP) PAYMENT CHECKLIST	1. Name of Contract Holder				
	2. Date Checklist Completed (MM-DD-YYYY)				
	3. State Office Name		4. County Office Name		
	5. Payment Year		6. Contract Number		
7. Office Staff Actions:	Handbook or Other Applicable References	YES	NO	N/A	Date Completed
A. Is CCC-955/956 completed correctly? Includes verifying the following: - BQL spreadsheet, if applicable. - Contract period. - Date signed by applicant. - Second party review performed. - CCC Representatives signature.	TTPP Notices				
B. Is copy of the approved CCC-971 filed with the contract and the original contract number entered on the CCC-960, if the contract was originated from a CCC-971?	TTPP Notices				
C. Is CCC-960 completed correctly? Includes verifying the following: - Number of installments. - CCC Representatives signature.	TTPP Notices				
D. Was the AD-1026 certification on CCC-770, Eligibility Checklist, completed and verified for the producer?	3-PL				
E. Are joint Venture or General Partnership member shares loaded in the subsidiary file for the payment year, if applicable?	3-PL				
F. Have signatures for all forms have been obtained according to 1-CM.	1-CM				
G. Have indicators for the following have been updated in the Name and Address file? - Claims - Receivables - Other agency claims - Nonresident aliens - Bankruptcy	1-CM				
H. Has CCC-959 has been entered in the system by contract number, if applicable? - Includes verifying MDR for multi-year assignments	1-FI, paragraph 126 TTPP Notices				
I. Have overpayments been computed and transferred prior to running payments?	TTPP Notices				
8. Remarks					
CERTIFICATION:					
9A. Signature of Preparer(s)				9B. Date (MM-DD-YYYY)	
10. I concur/do not concur the above items have been verified and updated: <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
10A. CED Signature for Spot Check				10B. Date (MM-DD-YYYY)	
11. I concur/do not concur the above items have been verified and updated: <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
11A. DD Signature for Spot Check				11B. Date (MM-DD-YYYY)	

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