

**For:** State and County Offices

**Using the Prepayment Report to Correct Eligibility Conditions for 2012 CRP Annual Payments**

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



**1 Overview**

**A Background**

Annual rental payments will be processed on or after October 2, 2012.

The prepayment report process provides County Office users with a list of producers and members of entities and joint operations who may be ineligible to receive payment based on how data is updated in various supporting systems, including, but not limited to, the following:

- SCIMS
- subsidiary data, such as eligibility and member information
- Farm Records System (FRS)
- Crop Acreage Reporting System (CARS)
- conservation systems, such as Conservation Online System (COLS) and the Payment System.

**B Purpose**

This notice provides the following:

- the schedule for processing CRP customers for prepayment report purposes
- instructions for generating the prepayment report
- instructions for reprocessing a contract to determine whether additional corrective action is needed
- guidance for corrective action, when necessary, based on the message printed on the prepayment report.

**Disposal Date**

November 1, 2012

6-7-12

**Distribution**

State Offices; State Offices relay to County Offices

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### 2 Prepayment Reports

#### A Introduction

The prepayment report provides County Office users with information about each CRP customer whose payment may be reduced because of various eligibility conditions. This allows County Office users to take corrective action before the processing of annual rental payments is initiated on or after October 2, 2012.

The following are the 2 types of prepayment reports available to County Office users:

- Prepayment With Exceptions Report
- Conservation Prepayment Report.

**Note:** See paragraph 3 for additional information.

#### B Prepayment With Exceptions Report

The web-based Prepayment With Exceptions Report includes information:

- for contracts that are maintained on the System 36 and in COLS
- based on the weekly process that is run each Friday night beginning June 1, 2012.

On June 1, 2012, a batch process was initiated to identify any producer and/or member of an entity or joint operation who does not meet various payment eligibility requirements.

This process will be repeated each Friday evening through mid-September with the results available for County Office review the following Monday.

As such, eligibility conditions for a producer and/or member will continue to be listed on the prepayment report after corrective action is taken until the following Monday unless the County Office takes action to reprocess the prepayment information on a contract-by-contract basis, according to subparagraph C.

This table provides the steps for generating the Prepayment With Exceptions Report.

**Note:** Prepayment reports shall no longer be generated on the System 36.

Step	Action
1	Access the FSA Applications Home Page at <a href="http://fsaintranet.sc.egov.usda.gov/fsa/FSAIntranet_applications.html">http://fsaintranet.sc.egov.usda.gov/fsa/FSAIntranet_applications.html</a> .
2	Under "Conservation", CLICK "Conservation Payments".
3	Log into the application in the normal manner through the e-Auth application.
4	Under "Reports", CLICK "Payment Reports".

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**2 Prepayment Reports (Continued)**

**B Prepayment With Exceptions Report (Continued)**

<b>Step</b>	<b>Action</b>	
5	The Payment Report page will be displayed. Select the desired search criteria according to the following, then CLICK “Search” to generate the report.	
	<b>Field</b>	<b>Description</b>
	Program Name	Select 1 of the following applicable programs: <ul style="list-style-type: none"> <li>• “CRP”</li> <li>• “EFCRP”</li> <li>• “SAFE”.</li> </ul>
	Payment Year	Select “2012”.
	State	Select the applicable State and county.
	County	
	Contract Number	If the report should be generated for: <ul style="list-style-type: none"> <li>• a specific contract, then enter the contract number in the “Contract Number” field</li> <li>• a range of contracts, enter the beginning and ending contract numbers in the “Contract Number Range From” and “To” fields</li> <li>• all contracts in the selected State and county with a producer and/or member with an ineligible condition, leave both fields “blank”.</li> </ul>
	Contract Number Range From/To	
	Payment Type	Select “Annual” for producers and/or members who have an ineligible condition for annual rental payments that will be processed in October 2012.  <b>Note:</b> A report can also be generated for SIP, PIP, and TIP payments.
	Payment	Select “Prepayment with exceptions” to list all producers and/or members with an eligibility condition that will prevent the payment from being issued in full.
Report Type	Select either of the following: <ul style="list-style-type: none"> <li>• “Summary”</li> <li>• “Detail”.</li> </ul> <b>Note:</b> Both reports contain information about payment exceptions, but the Summary Report is more consolidated and uses less paper.	

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**2 Prepayment Reports (Continued)**

**C Conservation Prepayment Report**

The web-based Conservation Prepayment Report option:

- allows County Office users to reprocess a contract to determine whether there are eligibility conditions that will prevent the contract from receiving payment
- is “real time” based on current information in the system
- can be used between the weekly prepayment batch process to ensure that corrective action taken has resolved the problem without waiting until the following Monday to verify the results of the corrective action.

This table provides the steps for generating the Conservation Prepayment Report.

<b>Step</b>	<b>Action</b>	
1	Access the FSA Applications Home Page at <a href="http://fsaintranet.sc.egov.usda.gov/fsa/FSAIntranet_applications.html">http://fsaintranet.sc.egov.usda.gov/fsa/FSAIntranet_applications.html</a> .	
2	Under “Conservation”, CLICK “Conservation Payments”.	
3	Log into the application in the normal manner through the e-Auth application.	
4	Under “Reports”, CLICK “Prepayment Process”.	
5	The Prepayment Report page will be displayed. Select the desired search criteria according to the following, then CLICK “Search” to generate the report.	
	<b>Field</b>	<b>Description</b>
	Program Name	Select 1 of the following applicable programs: <ul style="list-style-type: none"> <li>• “CRP”</li> <li>• “EFCRP”</li> <li>• “SAFE”.</li> </ul>
	Payment Year	Select “2012”.
	State	Select the applicable State and county.
	County	
	Contract Number	If the report should be generated for: <ul style="list-style-type: none"> <li>• a specific contract, then enter the contract number in the “Contract Number” field</li> <li>• all contracts in the selected State and county with a producer and/or member with an ineligible condition, leave this field “blank”.</li> </ul> <p><b>Note:</b> Because the information is being generated “real time”, performance may be impacted if the report is generated for all contracts in the county. Ideally, it is better to use the Prepayment With Exceptions Report for all contracts and only use this option to verify the condition has been corrected for a specific contract.</p>
	Payment Type	Select “Annual”.
Payment Status	Select “Unpaid”.	

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### 3 Prepayment Report Messages and Corrective Action

#### A Introduction

The information on either prepayment report allows County Office users to identify conditions that may prevent earned payments from being processed. Each condition listed is based on information recorded in the system at the time the report was processed.

#### B Correcting Data Maintained by Other Systems

The data maintained in other systems, such as web-based Subsidiary Eligibility System and CARS, is the source data for determining whether certain program requirements have been met. As such, County Offices shall refer to the applicable procedure for updating each system.

**Reminder:** Under **no** circumstances shall certifications or determinations be changed to remove a producer listed on the prepayment report unless the required documentation is on file to support the system change.

See the following handbooks for additional information:

- 1-CM for updating SCIMS
- 3-CM for updating information in FRS
- 2-CP for updating CARS
- 3-PL (Rev. 1) for updating the Subsidiary Eligibility System and Business File Application.

#### C Prepayment Report Messages

This table provides the following:

- a list of messages that may be included on the prepayment report
- an explanation of the reason the message is listed
- corrective action that County Office users shall take if the system is not updated properly.

Prepayment Report Message	Description	Corrective Action
<b>Acreage Reporting Messages</b>		
578 Compliance Data Not found	Acreage reporting data was not found for the farm or tract, or the acreage report is not certified.	Verify that all CRP acreage has been reported for the applicable farm. See 2-CP.
578 Compliance not certified		

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**3 Prepayment Report Messages and Corrective Action (Continued)**

**C Prepayment Report Messages (Continued)**

Prepayment Report Message	Description	Corrective Action
<b>Acreage Reporting Messages (Continued)</b>		
578 Service Connection Issue	A problem was encountered when attempting to read the acreage reporting data.	<p>County Offices can:</p> <ul style="list-style-type: none"> <li>• run the Prepayment Process individually for the affected contract</li> <li>• wait until the following Monday after the next batch process is completed to see if the problem is rectified.</li> </ul> <p>If the problem continues to be listed on the Prepayment With Exceptions Report for multiple weeks, County Offices shall notify their State Office. State Offices shall notify CEPD.</p>
<b>Adjusted Gross Income Messages</b>		
AGI Info does not exist in our database	The AGI certification or determination is not updated in the Conservation Payment System for the producer or member of an entity or joint operation.	County Offices shall verify the AGI certification has been filed by the producer or member. If filed, notify the State Office to update the Conservation Payment System.
Reduction Message: AGI		
The payment entity does not meet AGI requirements	The AGI certification or determination is not updated in the Conservation Payment System for the producer.	
<b>Subsidiary Eligibility Related Messages</b>		
Reduction Message: Actively Engaged	The contract is subject to I-PL provisions and “Actively Engaged – 2002 Farm Bill” is updated in the web-based Subsidiary System to something other than “Actively Engaged”.	<p>Determine whether an “actively engaged in farming” determination has been completed for the applicable program year.</p> <p>Ensure that the determination is recorded in the system based on CCC-503A.</p> <p><b>Note:</b> See 3-PL (Rev. 1), paragraph 41.</p>
Reduction Message: AD-1026	<p>The AD-1026 certification is updated in the web-based Subsidiary System as 1 of the following:</p> <ul style="list-style-type: none"> <li>• “Not Filed”</li> <li>• “Awaiting Affiliate Certification”</li> <li>• “Affiliate Violation”.</li> </ul>	<p>Determine whether the producer and all affiliates, if applicable, have certified compliance with HELC and WC provisions.</p> <p>Ensure that the system is updated properly based on the documentation on file.</p> <p><b>Note:</b> See 3-PL (Rev. 1), paragraph 29.</p>

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### 3 Prepayment Report Messages and Corrective Action (Continued)

#### C Prepayment Report Messages (Continued)

Prepayment Report Message	Description	Corrective Action
<b>Subsidiary Eligibility Related Messages (Continued)</b>		
Reduction Message: Conservation Compliance	The “Farm/Tract Eligibility” section of the conservation compliance determination in the web-based Subsidiary System is updated to something other than “In Compliance”.	Data for the conservation compliance determination originates from information recorded in FRS. See: <ul style="list-style-type: none"> <li>• 3-PL (Rev. 1), paragraph 30 for information on how the data is summarized to the Farm/Tract Eligibility section</li> <li>• 3-CM for information on updating HEL and WC information in FRS.</li> </ul>
Cash Rent Determination awaiting determination	The contract is subject to 1-PL provisions and cash rent tenant determination is updated in the web-based Subsidiary System to “Awaiting Determination”.	Determine whether a cash rent tenant determination has been completed for the applicable program year.  Ensure that the determination is recorded in the system based on CCC-503A.
Reduction Message: Cropland Factor	The contract is subject to 1-PL provisions and cash rent tenant determination is updated in the web-based Subsidiary System to something other than “Eligible” or “Exempt”.	<b>Note:</b> See 3-PL (Rev. 1), paragraph 28.
FCIC certification determination requirements not met	The “Federal Crop Insurance” certification or determination is updated to “Requirements Not Met” in the web-based Subsidiary System, indicating the producer has not filed FSA-570.	Determine whether the producer has filed FSA-570.  Ensure that the certification is recorded in the web-based Subsidiary System.  <b>Note:</b> See 3-PL (Rev. 1), paragraph 39.
Reduction Message: Federal Crop Insurance	The “Federal Crop Insurance” certification or determination is updated to “Requirements Not Met” in the web-based Subsidiary System, indicating the producer has not filed FSA-570.	
Reduction Message: Foreign Person	The producer or member of an entity or joint operation is not a U.S. citizen or legal resident alien.  The foreign person determination for the producer or member is either “No” or “Pending”.	Determine whether a “foreign person” determination has been completed for the applicable program year.  Ensure that the determination is recorded in the system based on CCC-503A.  <b>Note:</b> See 3-PL (Rev. 1), paragraph 25.
Reduction Message: Fraud - including FCIC fraud	The producer or member of an entity or joint operation has been determined ineligible because of a fraud violation.	This eligibility condition can only be updated by authorized staff in the National Office.  If there are questions about the fraud violation, State Offices shall contact PECD for additional information.  <b>Note:</b> See 3-PL (Rev. 1), paragraph 38.

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3 Prepayment Report Messages and Corrective Action (Continued)

C Prepayment Report Messages (Continued)

Prepayment Report Message	Description	Corrective Action
<b>Subsidiary Eligibility Related Messages (Continued)</b>		
Reduction Message: Person	The contract is subject to 1-PL provisions and “Person Eligibility – 2002 Farm Bill” is updated in the web-based Subsidiary System to something other than “COC Determination Completed”.	<p>Determine whether a person determination has been completed for the applicable program year.</p> <p>Ensure that the determination is recorded in the system based on CCC-503A.</p> <p><b>Note:</b> See 3-PL (Rev. 1), paragraph 40.</p>
Reduction Message: No Eligibility Record	The producer or member of an entity or joint operation does not have an eligibility record in the web-based Subsidiary System for the applicable year.	<p>Ensure that the producer or member is linked to the County Office in SCIMS. If the producer or member is linked in SCIMS:</p> <ul style="list-style-type: none"> <li>• County Offices shall refer the case to the State Office specialist responsible for subsidiary processes</li> <li>• State Offices shall contact PECD for guidance.</li> </ul>
<b>Entity/Joint Operation and Permitted Entity Related Messages</b>		
Reduction Message: Entity Type Mismatch	<p>The farm operating plan information has not been recorded in the Business File application, and the member data is from the data uploaded from the System 36 entity or joint operation file.</p> <p>In addition, the entity type for the entity or joint operation or at least 1 member does not match the business type for the producer or member in SCIMS.</p>	<p>Verify the producer’s or member’s business type in SCIMS is correct or make the applicable correction.</p> <p>Update the producer or member information according to subparagraph D if the entity type information is not correct.</p>
Reduction Message: No Entity File Record	<p>Producer or member data:</p> <ul style="list-style-type: none"> <li>• is not recorded in the joint operation or entity file</li> <li>• has not uploaded to the mainframe</li> <li>• is not recorded in the Business File application.</li> </ul>	See subparagraph D.
Reduction Message: Permitted Entity	One or more members of the entity or joint operation do not have permitted entity flags updated to indicate the member has designated to receive payment through the entity.	See subparagraph E.

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3 Prepayment Report Messages and Corrective Action (Continued)

C Prepayment Report Messages (Continued)

Prepayment Report Message	Description	Corrective Action
<b>Entity/Joint Operation and Permitted Entity Related Messages (Continued)</b>		
Reduction Message: Share Discrepancy Greater Than 1%	The member shares for the entity or joint operation do not equal 100 percent.	<p>If the entity or joint operation is recorded in the Business File application for 2012, indicating at least 1 contract is subject to 4-PL provisions, then the member shares:</p> <ul style="list-style-type: none"> <li>• have not been recorded for all members</li> <li>• are not recorded in whole percentages.</li> </ul> <p><b>Example:</b> Shares may be recorded as 0.3333 instead of 33.33%.</p> <p>If the entity or joint operation is only associated with contracts subject to 1-PL provisions, then:</p> <ul style="list-style-type: none"> <li>• County Offices shall refer the case to the State Office specialist responsible for subsidiary processes</li> <li>• State Offices shall contact PECD for guidance.</li> </ul>
Service Contract Validation Error Encountered Member Ownership Share mismatch for customer. Sum of children is not equal to 1	Permitted shares for the members of the entity or joint operation do not equal 100 percent.	See subparagraph E.
Service Contract Validation Error Encountered Payment Entity Ownership Share mismatch for customer. Permitted shares not equal to 1.00		
Service Contract Validation Error Encountered Payment Entity Ownership Share mismatch for customer. Permitted shares not equal to 1.00		

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**3 Prepayment Report Messages and Corrective Action (Continued)**

**C Prepayment Report Messages (Continued)**

<b>Prepayment Report Message</b>	<b>Description</b>	<b>Corrective Action</b>
<b>SCIMS Related Messages</b>		
Reduction Message: Invalid Tax ID Number	The producer or member of an entity or joint operation does not have a Social Security or employer ID number recorded in SCIMS.	Verify that the producer or member has provided a tax ID number and ensure that the ID number is updated in SCIMS.
At least One member do not have Employer Number	<b>Note:</b> If a member of an entity or joint operation does not provide a valid tax ID number, no portion of the payment to the entity or joint operation can be issued until all members have provided a tax ID number.	If the producer is an entity or joint operation, ensure that the farm operating plan information is recorded in the entity, joint operation, or Business File application according to subparagraph D.
At least One member do not have SSN		
At least One member Tax ID type is Temporary		
Inactive core customer id	The producer or member of an entity or joint operation is associated with a CRP contract, but the customer is no longer active in SCIMS because the customer has been: <ul style="list-style-type: none"> <li>• merged</li> <li>• inactivated.</li> </ul>	Verify the correct producer or member is associated with the contract. If the producer or member is correct, County Offices shall contact the State SCIMS Security Officer for assistance.  State SCIMS Security Officers shall contact PECD for assistance.
Reduction Message: Not Linked in SCIMS	The producer or member of an entity or joint operation is not linked in SCIMS to either of the following: <ul style="list-style-type: none"> <li>• county administering the CRP contract</li> <li>• county where the entity or joint operation data is loaded if the contract is subject to 1-PL provisions.</li> </ul>	Ensure that the producer or member is linked to all County Offices in SCIMS where the producer is participating.
Reduction Message: Not Eligible Under Attribution	The producer or member of an entity or joint operation has a business type that is not eligible under direct attribution provisions. These may include Federal entities, State/local governments, and public schools under 4-PL provisions.	Review the information recorded in SCIMS and the Business File application, joint operation, or entity file, as applicable, to ensure that both of the following are correct: <ul style="list-style-type: none"> <li>• business type in SCIMS</li> <li>• entity type on System 36.</li> </ul>
<b>Other Informational Messages</b>		
Zero amount returned from DA service	Payment amount for the producer or member is \$0 because their calculated payment is less than \$0.50 cents.	Verify the share for the producer or member is correct. If correct, then the producer or member will not be issued or attributed a payment amount.  If the share is incorrect, follow applicable program provisions for correcting the share.

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**3 Prepayment Report Messages and Corrective Action (Continued)**

**D Updating System 36 or Business File**

In February 2012, the Business File application was released that provided County Offices with the ability to record farm operating plan information for entities with members. The software to record information for joint operations was released in March.

<b>IF...</b>	<b>THEN...</b>
all of the producer's contracts are subject to 1-PL provisions	<ul style="list-style-type: none"> <li>• ensure that the joint operation or entity data is recorded for the applicable year and at least 4 calendar days to 2 weeks have passed since the data was last updated</li> <li>• if the joint operation or entity is multi-county, ensure that the joint operation or entity file data is recorded in the county listed as the "Rc St &amp; Cty" on MABDIG for the applicable year.</li> </ul> <p><b>Note:</b> If the producer has not filed CCC-902, then the farm operating plan information shall not be recorded in the Business File application. The Business File application shall only be used for producers who have filed CCC-902.</p>
any of the producer's contracts are subject to 4-PL provisions	<p>Ensure that the joint operation or entity information is recorded in the Business File application with a "Filed" or "Determined" status.</p> <p>If the farm operating plan is suspended in the Business File application, a revised CCC-902 must be filed for the operation to update the member information.</p> <p><b>Note:</b> See 3-PL (Rev. 1), Part 10 for additional information.</p>

**E Updating Permitted Entity Designations**

Although the Business File application has been released for all business types, the permitted designation software component of the Business File application has not been released yet. Until that software is released, County Offices should not record farm operating plan information in the Business File application if there is a pending payment that must be issued before October 1, 2012.

<b>IF...</b>	<b>THEN...</b>
all of the producer's contracts are subject to 1-PL provisions	<p>verify the permitted entity designations are updated in the entity or joint operation file on the System 36 based on CCC-501B on file for the producer.</p> <p><b>Note:</b> See 2-PL for additional information.</p>
any of the producer's contracts are subject to 4-PL provisions	<p>if there are no pending payments due before October 1, 2012, then the farm operating plan information can be recorded in the Business File application; however, entities and joint operations with contracts subject to 1-PL provisions will be listed on the Prepayment With Exceptions Report with 1 of the permitted entity messages listed in subparagraph C until the permitted designations are updated after the software is released.</p> <p><b>Note:</b> See 3-PL (Rev. 1), Part 10 for additional information.</p>

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### 4 Action

#### A County Office Action

County Offices shall:

- run the Prepayment With Exceptions Report on a regular basis to identify producers or members who may have an ineligible payment condition
- refer to the Conservation Payments Software County User Guide available at <http://fsaintranet.sc.egov.usda.gov/ffas/dafp/cepdsto.htm> for additional information
- take corrective action, where appropriate, to ensure that payments are issued properly and timely
- follow applicable handbook procedure when updating other supporting systems:
  - 1-CM for updating SCIMS
  - 3-CM for updating information in FRS
  - 2-CP for updating CARS
  - 3-PL (Rev. 1) for updating the Subsidiary Eligibility System and Business File application
- contact the State Office if additional assistance is needed to reconcile an exception condition.

#### B State Office Action

State Office Conservation Specialists shall:

- ensure that County Offices are running the Prepayment With Exceptions Report on a regular basis
- refer to the Conservation Payments State Office User Guide available at <http://fsaintranet.sc.egov.usda.gov/ffas/dafp/cepdsto.htm> for additional information
- refer questions about the Subsidiary System, farm records, and/or compliance updates to the applicable specialist in the State Office
- refer questions about SCIMS updates to the State SCIMS Security Officer.

If additional guidance is needed, State Office Conservation Specialists shall contact the following for assistance:

- CEPD for questions about conservation provisions
- PECD for questions about subsidiary, farm records, CARS, and/or SCIMS updates.