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*Helping People
Help the Land*

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Transmitted via Email

October 31, 2006

MINNESOTA BULLETIN NO. 300-7-2

SUBJECT: LTP – CSP – REVISED GUIDANCE FOR ADDRESSING ERRONEOUS PAYMENTS IN
CSP

Action Required By: January 8, 2007

Purpose. To inform NRCS employees of steps to take to address erroneous payments in CSP Contracts.

Expiration Date. September 30, 2007

In CSP, there is the potential for erroneous payments to occur during the payment process. Erroneous payments include overpayment or underpayment of contract items or payment of duplicate items with EQIP and/or WHIP. The Conservation Program Manual (CPM), Part 512, Subpart G, Section 512.68 provides policy on claims, collections, and offsets. We will seek to collect any and all debt from CSP participants.

Identifying and Addressing Erroneous Payments in CSP Contracts

Take the following steps to identify and address erroneous payments, including duplicate payments, in CSP contracts.

1. Review past payments and payments scheduled to be processed in future years.
 - a. For 2004 contracts, there are several enhancements that have been associated with erroneous payments. These include, but are not limited to, the following enhancements:
 - i. Spring pre-plant commercial N fertilizer application used on soil types other than coarse textured soils.
 - ii. Side dress or split commercial N fertilizer applications (spring pre-plant and side dress) are used on coarse textured soils.
 - iii. N-inhibitor are used on labeled crops when spring pre-plant commercial N is applied to poorly drained wet soils or when early side-dressed or split commercial N application are applied on coarse textured soils.
 - iv. Band apply commercial P applications or incorporate broadcast applications within 24 hours.
 - v. Inject manure or incorporate broadcast manure within 24 hours.
 - vi. Renewable energy fuel (soy bio-diesel, ethanol)
 - b. For 2005 and 2006 contracts, pay close attention to the renewable energy fuel enhancement.
 - c. Refer to the associated enhancement job sheets for clarification on payments.
 - d. Refer to the duplicate payment spreadsheet for a list of contracts with potential duplicative payments, which you will receive under separate cover.
2. Identify and document all erroneous payments on the worksheet, **CSP Erroneous Payment Worksheet**.
 - a. Attach the CCC-1245, with the corrected payment amount and units for payment.

3. If erroneous payments are identified, verify that correct payments were made or are scheduled to be made in future years. If additional erroneous payments are identified, include them on the **CSP Erroneous Payment Worksheet**.
4. Route the **CSP Erroneous Payment Worksheet** and attachments through the AO to Leah Duzy at the SO.
5. A letter requesting repayment or informing the participant of an underpayment will be sent from the SO with copies to the ASTC(FO) and the DC.
6. All questions regarding CSP erroneous payments should be directed through the AO to Leah Duzy.

Erroneous payments also include duplicate CSP payments with EQIP and WHIP, particularly nutrient management, pest management, prescribed grazing, and residue management.

Duplicate Payments Planned for FY 2007 and Beyond

Starting with the FY2007 payment year, contract line items for enhancement activities or practices that fall under the definition and purposes of a conservation standard, regardless of the degree of management intensity or the addressed resource concern, are considered duplicative when scheduled for payment in the same year on the same acres in more than one program. This means that if a producer is receiving a nutrient management incentive through EQIP, the producer may NOT receive ANY nutrient management enhancements through CSP on those same CSP acres.

CSP payments for activities based on an incremental movement index or scale are not duplicate payments with payments for practices in another program. This includes the SCI, STIR and IWM enhancements.

When duplicate payments are identified the contract needing modification is the contract that was most recently signed. For example, if a producer had a 2005 CSP contract and then signed up for EQIP in 2006, causing a duplicate payment with CSP in FY2007, then the EQIP contract needs to be modified. If the producer had a 2004 EQIP contract and signed up for CSP in 2005, causing a duplicate payment, then the CSP program will need to be modified. This determination is not based on the year in which the payment was made.

Duplicate CSP items that have not been processed for payment must be removed from the contract for all years in which they are scheduled on the same acres. These items may be re-scheduled for CSP payment in the fiscal year following the last scheduled EQIP or WHIP payment.

If the duplicate payment was caused by EQIP or WHIP, then repayment must be processed through EQIP or WHIP.

Duplicate Payments that Occurred in FY 2004, FY2005, and/or FY2006

CSP payments that occurred in FY 2004, FY2005, and/or FY2006 are considered duplicate with another USDA program only when the payment is for the EXACT same practice design or same activity on the same acres in the same year. For example, a producer has an EQIP contract receiving a nutrient management incentive payment in FY2006. The producer also has a CSP contract and received FY2006 payment for an enhancement for a nutrient management bundle that included “Band or row apply all commercial P₂O₅ fertilizer to better utilize nutrients and address water quality concerns.” It is only considered a duplicate payment if the EQIP 590 plan specifically called for the producer to band or row apply all commercial P₂O₅ fertilizer on the same acre in the same year.

The potential for duplicate payments applies primarily to nutrient management, pest management, prescribed grazing, and residue management. For the FY 2004 to FY 2006 contract period CSP enhancement

practices/activities are only duplicate if they are also listed as part of the associated plan written as part of EQIP or WHIP and were paid on the same acres in the same year.

Duplicate payments that have been processed must be treated as erroneous payments.

If you have contracts with potential duplicate payments in your county, fill out the information in the spreadsheet, which will be sent out under separate cover, and return to your ASTC(FO) by January 1, 2007. The ASTC(FO) will need to return the spreadsheet to Paul Flynn by January 8, 2007.

If you have any questions, contact Paul Flynn, SRC, at (651) 602-7870.

WILLIAM HUNT
State Conservationist

Attachment

DIST: ASTC (FO)
ARC
Area Program Specialists
FO