Part 530 – Working Lands Conservation Programs Manual

Subpart H – Contract Reviews and Quality Assurance

530.70 General

A. This subpart provides policy related to contract reviews and quality assurance.

(1) Contract Reviews.—NRCS conducts contract reviews as part of ongoing contract management to ensure participants implement their contract consistent with the contract provisions.

(2) Quality Assurance.—NRCS conducts quality assurance activities during application evaluation and throughout the life of a contract to ensure compliance with program policy.

B. The State conservationist must conduct contract reviews and quality assurance activities as part of an ongoing quality assurance process for all programs. Reports are available in the business tools to assist States in identifying contracts for applicable reviews. Refer to subpart O, exhibit 530.143K, "Business Tools Quick Reference," in this manual, for a list of applicable business tools.

C. States must keep copies of completed contract review and quality assurance checklists within the applicant or participant case file.

Note: This includes preobligation and payment checklists.

D. Control of Land.—States must verify that the participant has control of the contracted land at the time of enrollment, during annual contract reviews, and prior to approving a modification or payment.

Note: When conducting a control of land review as part of the annual contract review, NRCS is confirming that the participant has maintained control of the contracted land to date and is not required to verify that the participant has control of the land for the entire contract period.

Note: If needed, a letter template is available in subpart O, exhibit 530.141I of this manual, to request information from the participant regarding control of land.

(1) States must document the information reviewed using conservation assistance notes or Form NRCS-CPA-13, "Contract Review."

Note: NRCS does not need to retain copies of any lease or related control of land documentation reviewed in the applicant or participant case file.

(2) States should use Farm Service Agency (FSA) records such as the Producer Farm Data Report, to verify the participant's interest in the land as an owner, operator, or other tenant. In the absence of adequate FSA records, NRCS may use other reliable documentation such as survey maps, tax parcel data, official land use maps, lease agreements, etc., to verify control of land.

530.71 Review Types

A. Preobligation Reviews

(1) States must complete the program-specific preobligation checklist, or State equivalent, at the field level for each application before the NRCS approving official obligates the contract. Refer to subpart Q, sections 530.320A, "CSP Preobligation Checklist," and 530.320B, "CSP-GCI Preobligation Checklist;" subpart R, sections 530.420A, "EQIP Preobligation

Checklist," and 530.420B, "EQIP Incentives Preobligation Checklist;" and subpart S, section 530.520D, "RCPP LM and Rental Preobligation Checklist," of this manual.

Note: No preobligation review is required for Agricultural Management Assistance Program (AMA) contracts.

(2) States must update any State-developed preobligation checklists whenever the national preobligation checklist is updated and must include, at a minimum, the items from the national program-specific checklists.

(3) At a minimum, the State or area office must conduct preobligation quality assurance reviews for each funding period by reviewing three approved applications or 5 percent of the approved applications per field office, whichever is greater.

B. Second-level Reviews

(1) The State-designated second-level obligation reviewer ensures that the funds are within the period of availability and that there are enough funds to record the obligation. The second-level obligation reviewer confirms that the correct funding year is used for modifications.

(2) States also conduct second-level reviews to ensure that NRCS can approve a payment against an existing obligation. Refer to subpart F, section 530.51A(4) in this manual for additional guidance on payment reviews.

Note: To ensure that a payment is proper, the field office must notify the second-level payment reviewer if the participant has died.

C. Administrative Review of Participant Certifications

(1) During the first year of the contract (before payment is made), the State office randomly selects at least 5 percent each of contract participants who self-certified as any of the following:

(i) Limited-resource farmer or rancher

(ii) Beginning farmer or rancher

(iii) Veteran farmer or rancher

(2) Definitions for these designations can be found in 440-CPM, Part 502, Subpart A, "Common Terms." Failure of the participant to provide adequate information necessary to verify eligibility may result in a contract violation. Refer to subpart I, "Contract Violations," of this manual for additional information.

Note: To verify a participant's self-certifications, NRCS must review participant documentation from the time of obligation, as detailed in subpart O, sections 530.141J through L, "Administrative Review" letter templates, of this manual. NRCS uses these letter templates to notify participants that they have been selected as part of the quality assurance review.

Note: There is no validation process for participants who self-certify as belonging to a socially disadvantaged group. NRCS employees must not attempt to verify a person's self-certification as a member of a socially disadvantaged group.

(3) In addition, NRCS must review additional participants when it receives a complaint or otherwise has information that a participant's self-certification may be incorrect.

D. Annual Contract Reviews

(1) NRCS will review all contracts that have not yet expired at least annually and record findings in the applicable business tool, in the conservation assistance notes, and if needed, on Form NRCS-CPA-13. At a minimum, NRCS will—

(i) Confirm that the participant still controls all land under contract.

(ii) Confirm that the participant has implemented conservation practices or activities as scheduled.

(iii) Confirm that, at a minimum, the participant continues to maintain the benchmark level of treatment or performance levels agreed to at the time of obligation. Further guidance can be found in the program-specific subparts of this manual.

(iv) Discuss conservation practices or activities scheduled for upcoming implementation, any changes to extent, location, and implementation schedule, and any need for technical assistance.

(v) Determine whether the participant is implementing conservation practices or activities to comply with organic certification requirements, if applicable.

(vi) Review any special circumstances, such as waivers, that have been granted for adjusted gross income or payment limitations which require follow-up to ensure that the basis or justification for the waiver has been adequately addressed in the implementation of the contract. NRCS will complete reviews to ensure the producer complied with the terms of the waiver.

(2) When NRCS determines a contract is in noncompliance, including situations where a participant is off schedule in implementing planned conservation practices or activities, NRCS must complete Form NRCS-CPA-13. Refer to subpart I, "Contract Violations," of this manual for additional guidance. The form includes—

(i) Status of conservation practices or activities not completed.

(ii) Reasons for lack of progress.

(iii) Need for revision of the conservation plan and schedule of operations. Refer to subpart G, "Modifications," or subpart I, "Contract Violations," of this manual.

(iv) Description of any potential violations of the terms and conditions of the contract.

(3) States should complete reviews early enough in the fiscal year to allow time for NRCS or the participant to complete any necessary administrative or corrective actions before the end of the fiscal year.

(4) If NRCS finds during the annual review that the participant provided information inconsistent with available FSA records, NRCS will document the findings in the case file and work with the FSA and the participant to resolve discrepancies.

(5) States may use subpart O, exhibit 530.141G, "Annual Schedule of Operations Letter," of this manual in addition to the annual contract review to notify participants of the items scheduled for completion during the current year and any conservation practices or activities that may be behind schedule.

E. Other Administrative Reviews

(1) Advance Payments.—NRCS must follow-up to confirm the participant expended the advanced funds within statutory requirements and that the participant is implementing those conservation practices consistent with the contract appendix and schedule of operations. Refer to subpart R, section 530.405, "EQIP Contracting and Contract Management," of this manual for additional guidance.

(2) Payment Review.—Refer to subpart F, section 530.51, "Processing Payment Applications," and subpart O, exhibit 530.142C, "Payment Review Checklist," of this manual, for additional information.

(3) AGI Determination.—Refer to National Instruction 440-308, "Adjusted Gross Income (AGI) Determination Changes for Programs Managed in ProTracts," for instructions related to these determinations.

530.72 Quality Assurance

A. The State conservationist is responsible for managing the State quality assurance process. State conservationists must develop a quality assurance plan and assign responsibilities to appropriate staff for monitoring and oversight of all applications and active contracts to ensure proper contract obligation and administration.

B. Conservation treatment installed under contracts must be evaluated as specified in Title 450, General Manual (GM), Part 407, "Documentation, Certification, and Spot Checking."