

## Part 530 – Working Lands Conservation Programs Manual

### Subpart E – Contract Development and Requirements

#### 530.40 General

##### A. Overview

- (1) This subpart provides policy for developing a contract based on an approved program application.
- (2) NRCS will use applicable business tools for developing and implementing a contract for the programs included in this manual. Refer to subpart O, exhibit 530.143K, “Business Tools Quick Reference” in this manual for additional information.

##### B. Contracting Responsibilities

- (1) Conservation contracts are legally binding agreements that define the terms and conditions of program participation, including the responsibilities of the participants and NRCS, as well as the consequences of violating the terms and conditions of the contract.
- (2) NRCS must provide the participant with all standards, specifications, guide sheets, and designs required for the participant to implement the planned conservation practices or activities in accordance with the contract.
- (3) NRCS must permit all economic uses of the eligible land that—
  - (i) Maintain the agricultural or forestry nature of the land.
  - (ii) Are consistent with the purposes of the conservation contract.

##### C. Technical Assistance for Contracts

- (1) Based upon available funding, NRCS must provide technical assistance to a contract participant for development of implementation requirements, designs, operation and maintenance plans, and conservation practice or activity layout as requested by the participant. NRCS is responsible for reviewing and certifying all conservation practices and activities after the participant completes them.
  - (i) By entering into a contract, the participant agrees to implement scheduled conservation practices or activities regardless of who provides necessary technical assistance.
  - (ii) At the option of the participants, technical assistance may be obtained from other Federal and State agencies or private sources, including technical service providers (TSPs), for conservation planning, design, and checkout. NRCS may provide a payment for technical assistance according to section 530.40C (2), below.
  - (iii) If NRCS fails to provide required assistance, the participant will not be considered in violation. Refer to subpart I, section 530.82, “Addressing Noncompliance and Violations,” of this manual.
- (2) TSPs are not considered participants on a financial assistance program contract.
  - (i) TSP responsibilities are outlined in 7 CFR Part 652, “Technical Service Provider Assistance,” and in Title 440, Conservation Programs Manual (CPM), Part 504, Subpart B, “Roles and Responsibilities.”
  - (ii) Participants interested in receiving a payment for use of a TSP must secure the services of a TSP certified for the services being requested. Participants can find certified TSPs registered through the TSP website located at <https://techreg.sc.egov.usda.gov/CustLocateTSP.aspx>.
  - (iii) NRCS may schedule a technical assistance (TA) contract item using the appropriate 900-series code as part of the original contract or modify the contract to add the

applicable TA items after obligation. Refer to subpart G, “Modifications,” of this manual for guidance.

- (iv) NRCS must fund TA items with current-year funds. NRCS may fund future-year TA items in subsequent years, subject to available funds.

### 530.41 Approval Process

A. Preapproval of Applications.—When NRCS selects an application for funding as described in subpart D, “Application Processing,” of this manual, the State program manager, or others with delegated authority and appropriate business tool permissions, will—

- (1) Set the application status to “preapproved” and use subpart O, exhibit 530.141C, “Intent to Proceed Letter,” of this manual, to notify the applicant. NRCS field staff uses this letter, along with subpart O, exhibit 530.142E, “Conservation Program Application Checklist” of this manual to—
  - (i) notify an applicant that NRCS ranked their application high enough for funding consideration and determine their interest in moving forward with a contract; and
  - (ii) provide the applicant an opportunity to finalize their eligibility and to request any other documentation needed for contract development.
- (2) If NRCS determines the applicant eligible and the applicant fails to respond by the date requested, NRCS may defer the application. However, if NRCS has not made an eligibility determination and the applicant fails to respond or provide required information by the date requested, NRCS may determine the application ineligible. Refer to subpart C, section 530.23G of this manual for guidance related to ineligible applicants.
- (3) Establish a vendor code for each participant receiving a payment share. The vendor code establishes the connection between the participant’s tax identification number and the Internal Revenue Service (IRS), so that NRCS can report a participant’s payments to the IRS. The applicant must have an “active” vendor code and direct deposit information entered before NRCS can approve an application. Refer to section 530.41B(3), below, for additional guidance on designating payment shares.

**Note:** Contract approval is based on availability of funds.

B. NRCS will complete the following actions prior to application approval:

- (1) Conservation Plan and Plan Map.—Finalize the conservation plan and plan map to delineate contracted acres and conservation practice or activity extent and locations. Refer to subpart D, “Application Processing,” of this manual for additional planning guidance.
- (2) Schedule of Operations.—Finalize and verify that Form NRCS-CPA-1155, “Conservation Plan or Schedule of Operations,” is accurate and complete and in accordance with program-specific requirements. Refer to applicable program-specific subparts of this manual. The following requirements apply to all programs:
  - (i) Planners must work with the applicant or participant to schedule conservation practices or activities that are part of a system in sequence to allow for timely completion and payment certification of each item individually regardless of whether the participant has implemented the entire system.
  - (ii) Form NRCS-CPA-1155 only contains conservation practices or activities included in the assessment and applicable ranking pool.
  - (iii) Payment caps.—Refer to subpart F, section 530.50G of this manual for additional information on when to apply payment caps to a contract item.
  - (iv) Planners will schedule at least one conservation practice or activity that the participant must implement within the first 12 months of the contract. The State conservationist may

- approve a waiver to extend this timeframe if NRCS determines that the participant is unable to complete the conservation practice or activity for reasons beyond their control.
- (3) Form NRCS-CPA-1202, “Conservation Program Contract.”—Confirm that the applicant has identified the following items and that they appear correctly on Form NRCS-CPA-1202.
- (i) Payment Shares.—Verify that contract payment shares reflect what the applicants requested. When there is more than one participant on a contract, the payment shares should be distributed the same way across all USDA programs. Applicants must not adjust payment shares to work around payment limitations or other program requirements. Refer to subpart G, “Modifications,” of this manual if the participant requests a different payment share distribution after contract obligation.
  - (ii) Decision Maker.—When there is more than one applicant, verify that the person identified as the decision maker for the contract is consistent with the person listed as the decision maker on the Form NRCS-CPA-1202 signature page. The decision maker is the point of contact for all contract-related correspondence.
  - (iii) Participant Signatures for Modification and Payments.—When there is more than one applicant, Form NRCS-CPA-1202 may identify the following:
    - Signatures required for modifications. NRCS requires signatures on Form NRCS-CPA-1156, “Revision of Plan/Schedule of Operations or Modification of a Contract,” and Form NRCS-CPA-152, “Conservation Program Contract Transfer Agreement,” for all participants checking “yes” on Form NRCS-CPA-1202.
    - Signatures acceptable for payments. Form NRCS-CPA-1245, “Practice Approval and Payment Application,” requires a signature from one participant identified as “yes” on Form NRCS-CPA-1202 or Form NRCS-CPA-152.
- Note:** If Form NRCS-CPA-1202 does not indicate whether participant’s signature is required for modifications or acceptable for payment, all participants must sign modification or payment documents.
- (4) Refer to the eligibility sections of the program-specific subparts of this manual to confirm that the applicant meets all “Other Eligibility” requirements.

### C. Approval of Applications

- (1) The designated conservationist may approve an application once the following requirements are met:
- (i) All required documents are developed
  - (ii) The applicant meets all eligibility requirements
  - (iii) NRCS confirms adequate funds are available
  - (iv) The designated conservationist has certified the technical adequacy of the planned conservation practices or activities in accordance with NRCS planning policy
- Note:** The application does not become an official contract until the NRCS approving official obligates funds to the contract.
- (2) NRCS field office staff will use subpart O, exhibit 530.141F, “Application Approval Letter,” of this manual to notify the applicant that NRCS approved their application and to provide the applicant an opportunity to review all contract documents prior to signing and returning the documents to NRCS.
- (3) NRCS field office staff will complete the program-specific preobligation checklist or State equivalent for each application before the NRCS approving official obligates the contract. Refer to the exhibit section in the program-specific subparts for program-specific preobligation checklists and subpart H, “Contract Reviews and Quality Assurance,” of this manual for additional guidance.

#### D. Signing Contract Documents

- (1) The State conservationist or delegated approving official must use designated business tools to sign official contract documents. Refer to subpart O, exhibit 530.143K, “Business Tools Quick Reference,” of this manual for a list of applicable business tools.
- (2) The approving official must verify that the designated conservationist signed Form NRCS-CPA-1155, certifying the technical adequacy of the conservation treatment in accordance with NRCS conservation planning policy.
- (3) All participants receiving a share of the contract payment must sign Form NRCS-CPA-1202, and the applicable contract appendix after NRCS signs to certify technical adequacy. Only the designated decision maker is required to sign Form NRCS-CPA-1155. Refer to subpart C, section 530.24 “Signatory Authority,” of this manual for additional guidance.
- (4) For business participants (legal entities or joint operations), only the signature of the authorized business representative is required and accepted on these documents.

**Note:** This does not apply to joint operations without an Employer Identification Number unless the joint operation has Form FSA-211, “Power of Attorney,” filed with FSA.

- (5) Enter the date the participant signs the contract documents in the contracting tool.

**Note:** In the event the participant signs the contract documents on different dates or where multiple participants on the contract sign the contract documents on different dates, enter the latest date into the contracting tool.

#### E. Contract Obligation

- (1) NRCS staff with the role “Fund Manager Obligation Approval” will complete the second-level obligation review. The reviewer approves or rejects the obligation based on available funding. If the reviewer rejects the obligation, the designated conservationist must correct the problems that caused the rejection and repeat the applicable steps described above prior to reapproving an application. Refer to subpart H, “Contract Reviews and Quality Assurance,” of this manual for additional guidance.
- (2) The NRCS approving official signs the contract to obligate funding.
- (3) NRCS will maintain a copy of Form NRCS-CPA-1202, with the signature of the approving official in the case file.

### 530.42 Contract Components

#### A. Contract Document Management

- (1) Subject to paragraph (B) below, States are required to identify the location of the official case file, which may be either the electronic file, the hard copy, or a combination of the two. The State conservationist must provide guidance to their staff identifying the applicable location of the official case file for the State.
- (2) NRCS must protect applicant and participant privacy by ensuring that the documents that contain personally identifiable information (PII) are securely stored. Documents containing PII must not be left unattended in open spaces and must be kept under reasonable custodial control. In addition, NRCS must not transmit documents containing unencrypted PII through email, SharePoint, or any other unsecure method. The following forms, when applicable, are part of the official case file, but may be stored in a separate location to protect PII. In these instances, the case file should reference the location of these documents.
  - (i) Standard Form (SF) 1199A, “Direct Deposit Sign-Up Form,” or Form NRCS-FNM-060, “Electronic Funds Transfer Hardship Waiver Request,” with original signatures of participants receiving a payment.

- (ii) Form CCC-901, “Members Information,” or Form CCC-902, “Farm Operating Plan,” for businesses, along with any required documents supporting signature authority of the business representative.
  - (iii) Form CCC-902I, “Farm Operating Plan for an Individual,” if used by individual participants and provided to NRCS.
  - (iv) Payment assignments using Form CCC-36, “Assignment of Payment,” with original signatures.
  - (v) NRCS-CPA-1200, “Conservation Program Application,” unless the user covers the applicant’s tax identification number.
- (3) If the field office uses a six-part folder, refer to subpart O, exhibit 530.142 B, “Conservation Program Contract File Checklist,” of this manual.

B. Critical Contract Documents.—At a minimum, States must maintain the following documents used to support program contracts in the electronic case file. NRCS may save other supporting documents to the electronic case file as needed or requested by either NRCS or the participant.

- (1) Form NRCS-CPA-1200, “Conservation Program Application”
- (2) Standard Form 1199 A, “Direct Deposit Sign-Up Form”
- (3) Form NRCS-CPA-1155, “Conservation Plan or Schedule of Operations”
- (4) Form NRCS-CPA-1202, “Conservation Program Contract”
- (5) Appendix to Form NRCS-CPA-1202, “Conservation Program Contract”
- (6) Conservation plan and plan map that contains a record of the participant decisions and includes the schedule of new conservation practices or conservation activities to be installed.
- (7) Form NRCS-CPA-1156, “Revision of Plan/Schedule of Operations or Modification of a Contract”
- (8) Form NRCS-CPA-152, “Conservation Program Contract Transfer Agreement”
- (9) Form NRCS-CPA-1245, “Practice Approval and Payment Application”
- (10) Refer to subpart O, exhibit 530.142B, of this manual, for other documents that may be maintained electronically in the appropriate business tool.
- (11) Any other documentation as determined by the State conservationist.

**Note:** It is not necessary to routinely scan and save copies of handwritten conservation assistance notes to the electronic case file; however, options for electronically recording and saving conservation assistance notes exist in applicable business tools.

C. Contract Appendix

- (1) By entering into the contract, the participant and NRCS agree to comply with the terms and conditions contained in the general and supplemental provisions sections of the contract appendix.
- (2) The general provisions provide the terms and conditions applicable to all financial assistance programs contracts.
- (3) The supplemental provisions provide program-specific requirements.
- (4) NRCS may provide applicants with a copy of the appendix for awareness of program requirements at the time of application; however, the participant must only sign the contract appendix after contract approval. Refer to section 530.41D(3) above.

D. Contract Document Distribution.—Contract documents must be distributed as follows:

- (1) The office that administers the contract will maintain the contract documents according to section 530.42 A through B, above.
- (2) NRCS must provide a copy to the participant designated as decision maker for the contract.
- (3) NRCS may provide copies to other participants who are signatory to the contract, if requested.

E. Filing and Disposition

Title 120, General Manual (GM), Part 408, Subpart D, “Records Guide,” and National Instruction (NI) 120-357, “Disposition of Land Treatment Program Contract Documents,” contain program contract filing and disposition policy. The records guide and NI provide detailed disposition information for—

- (i) Completed, expired, canceled, or terminated program contracts after final payment.
- (ii) Original, signed copies of all canceled, deferred, disapproved, or ineligible applications.
- (iii) Records relating to policy, procedure, and implementation of the conservation program, such as ranking criteria, cost lists, payment schedules, and general operating instructions for a given year.

### 530.43 Contract Requirements

A. General

NRCS will administer all contracts in accordance with program statute and regulation, other applicable Federal law, regulation, and agency policy, departmental regulations, and other requirements specified in the contract appendix.

B. Contract Period

- (1) The contract starts when the NRCS approving official signs the Form NRCS-CPA-1202, to obligate the funds.
- (2) The contract shall have a term not to exceed the regulatory contract length; however, the expiration date must be after the date the last conservation practice or activity is scheduled in the contract. Refer to the appropriate program-specific subpart for the regulatory contract length for each program.
- (3) The contract expiration date will be displayed on Form NRCS-CPA-1202, Form NRCS-CPA-1155, and Form NRCS-CPA-1156.
- (4) The State conservationist may establish an expiration date several years after the scheduled date of the last practice, not to exceed regulatory limits, for certain conservation practices that have a long lifespan and high cost. This provides NRCS additional time to monitor the contract and ensure the participant conducts required operation and maintenance protecting Federal investment in these conservation practices.
  - (i) When using this provision, State conservationists must issue guidance through a bulletin, supplement to the manual, or other State directive that identifies the applicable conservation practices and the required contract length to ensure consistent treatment of all participants within the State.
  - (ii) Refer to subpart H, “Contract Reviews and Quality Assurance” of this manual for guidance related to annual contract reviews.

C. Program Implementation Requirements

- (1) Participants are required to follow the contract requirements included in the contract appendix and implement conservation practices or activities according to the schedule of operations.
- (2) The participant may implement the scheduled conservation practices or activities ahead of schedule. However, payments for items completed ahead of schedule are subject to annual funding and program payment limits if they exist. Refer to the program-specific subparts of this manual for additional guidance.

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- (3) If the participant is behind schedule implementing conservation practices or activities, or otherwise not in compliance with the provisions of the contract, follow guidance in subpart I, “Contract Violations” of this manual.
- (4) States must notify participants of the items scheduled for completion during the current year using subpart O, exhibit 530.141G, “Annual Schedule of Operations Letter” of this manual.

### D. Contract Completion and Expiration

- (1) Although contracts may show as “completed” in the business tools once the participant has successfully installed or implemented all scheduled conservation practices and activities, the contract remains active until the expiration date.
- (2) If an expired contract has an incomplete item, NRCS must determine whether the participant completed the item prior to contract expiration and earned a payment or whether NRCS must deobligate the funds.

**Note:** With proper contract administration, contracts should not expire with open obligations.

- (3) The contract ends once it passes the expiration date and neither the participant nor NRCS has any further responsibilities under the contract. Contracts expire at midnight on the expiration date stated in the contract.