

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice COR-130

For: State and County Offices

FY 2016 Improper Payments Information Act of 2002 (IPIA) Reviews

Approved by: Associate Administrator for Operations and Management

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1 Overview

A Background

The Improper Payments Elimination and Recovery Act of 2010 (IPERA), that amended IPIA, was the most recent legislation enacted to improve the integrity of the Government's payments and the efficiency of its programs and activities. OMB is responsible for providing guidance necessary to implement IPERA and IPIA.

IPIA requires Agencies with programs that have a significant risk of improper payments to:

- estimate the amount of improper payments annually
- report the estimates to the President and Congress
- provide a report of actions to reduce improper payments.

OMB guidance provides that:

- significant improper payments mean annual improper payments in a program exceeding both 1.5 percent of the total program payment amount and \$10 million of program payments made during the FY, **or** \$100 million regardless of the 1.5 percent figure
- if an Agency is unable to discern whether a payment was proper because of insufficient or lack of documentation, the payment **must** be considered an improper payment.

FSA has determined that using COR's to conduct IPIA reviews is the most reliable and efficient method to comply with IPIA requirements; therefore, COR's will be used to conduct FY 2016 IPIA reviews.

Disposal Date

September 1, 2016

Distribution

State Offices; State Offices relay to CORP
Coordinators and COR's

1 Overview (Continued)

B Purpose

This notice provides:

- an overview of the procedure for conducting IPIA reviews to support compliance with IPIA by collecting and analyzing a statistical sample of program payments issued at the county level
- the corrective action required **before** a payment considered issued improperly may be considered proper for IPIA reporting purposes.

2 Statistical Sampling and Data Analysis

A Statistical Techniques

A single-stage, stratified-sampling methodology has been used to randomly select the payments to be reviewed. The stratification process is used to:

- control the variability in the sample
- strengthen the validity of the resulting statistical estimates.

B Statistician Expertise

The sample design, selection, and resulting statistical estimates are provided by an experienced survey statistician.

3 Scope of Reviews

A IPIA

The scope of the 2016 IPIA review is limited to payments issued in FY 2015 for:

- ECP
- EFRP
- LDP
- LFP
- LIP
- NAP
- NAPFF
- SURE.

3 Scope of Reviews (Continued)

B Payment Verifications

COR's will verify whether the payments in the sample were properly made by ensuring that payments were issued:

- for the correct amount
- to the correct payee
- with all required supporting documentation on file
- **after** all program and producer eligibility requirements were met.

4 COR Assignments

A States With Assigned COR's

ORAS will provide the CORP Coordinator with a list of counties in their State selected for review, including the number of payments selected in each county. SED or CORP coordinator shall assign selected counties to COR's within their State.

Note: If it is determined that all assigned reviews cannot be completed by the due date in paragraph 6, CORP Coordinator shall contact ORAS immediately and those reviews will be reassigned to a COR from outside the State.

B States Without an Assigned COR

ORAS will make assignments for States without a COR's.

C Priority

IPIA reviews shall take priority over **any** previously assigned review or assignment.

D Travel Requirements and Costs

COR's are authorized to travel to the selected County Office to conduct each assigned review. COR shall:

- consider the most economical means of travel considering transportation costs, per diem expenses and salary expenses
- be responsible for managing their allotted travel funds.

For:

- TDY processed in Concur, use accounting code **161616-ORAS-COR-REVIEW**
- local travel processed in WebTA, use accounting code **684ORASCORREVV**.

4 COR Assignments (Continued)

E Scheduling Reviews

COR's shall work with CORP coordinators to schedule assigned reviews. COR's assigned to conduct reviews outside their normal assigned State(s) will be provided contact information for the applicable CORP coordinator and SED by ORAS.

5 Conducting IPIA Reviews

A Basic Policy

The majority of reviews assigned shall be conducted onsite for selected counties.

Note: The COR shall determine whether traveling to an assigned office to conduct the review is the best option fiscally or whether conducting the review off site would prove more economical and still allow an accurate review of payments selected. If after careful consideration it is determined an offsite review will be conducted, the following options shall be utilized to obtain the necessary documentation from each affected county office:

- scanning documents to email
- fax
- Share Point.

B Integrity of the Review

When a determination is made by COR to conduct the review off-site, County Offices will be asked to send documentation directly to COR. In these situations, it is important the documentation is not altered before being sent.

If the COR discovers information obtained has been altered in anyway, immediately contact ORAS.

C County Offices Sending Documentation to COR

When COR determines an off-site review will be conducted, the County Office shall be contacted to request the required documentation be FAXed, scanned, and e-mailed or loaded to Share Point. County Offices shall be given up to 3 workdays from the date of request to provide the documentation. Any documentation containing PII data shall be protected according to applicable encryption or e-mailing procedures.

Note: County offices shall use 1 of the 3 methods indicated to send documentation to COR's for reviews conducted off-site. Offices shall avoid mailing hard copies of documentation.

5 Conducting IPIA Reviews (Continued)

D Entrance Conference

Entrance conference shall be held the day COR arrives in the office for on-site reviews, and by telephone when COR conducts a review off-site. The COR, in consultation with SED, shall determine who is required to participate in the conference.

E Electronic CORP (eCORP) and IPIA Web Applications

COR shall:

- document the review using the eCORP Web application

Note: In eCORP, use National Code Designation “13- 2016 National IPIA Review” to identify the review.

- create a separate eCORP report for each County Office selected for IPIA review
- answer questionnaires about specific payments using the IPIA Web application.

F Modifying and Expanding Samples

For reviews to be statistically sound, **no** changes in selection of County Offices or payments to be reviewed are allowed.

Note: While it is possible that payments selected for FY 2015 IPIA reviews have been reviewed in the past, for IPIA review purposes, the sample **cannot** be changed.

Payments to be reviewed will be provided to COR’s. The scope of the review shall **not** be expanded to include payments not included in the statistical sample. COR’s shall limit the findings to the sample payments.

Note: While it is possible that payments not included in the sample may be affected by a specific finding, COR’s shall **not** expand the review to those payments. If needed, the “COR Observation” section of the report can address any issue with payments not included in the statistical sample.

5 Conducting IPIA Reviews (Continued)

G Reportable Findings

A reportable finding, for these IPIA reviews, is any error that results in the payment being considered improper or results in any of the IPIA questionnaire questions being answered with a negative response.

Note: Report findings about unauthorized representative signatures according to subparagraphs 8 C and F.

H When Improper Payments Are Identified

While conducting the review, COR shall immediately notify CED of any improper payments identified as soon as found. This will provide CED time to address the issues before the exit conference and, if applicable, begin appropriate corrective actions.

I Draft Report

At least 1 workday **before** the exit conference, COR shall provide CED a draft copy of the eCORP report with all findings and recommendations included.

Note: The draft report is **not** required to:

- have the analysis completed
- be provided if no findings are being reported.

By providing the draft report before the exit conference, CED will have an opportunity to review the findings and address any issue in advance of the conference.

J Exit Conferences

Exit conference shall be held on the final day of review when onsite and by telephone when the review is conducted offsite. The COR, in consultation with SED, shall determine who is required to participate in the conference.

Note: SED has the option to require that the exit conference be conducted at the applicable County Office, if conditions warrant.

6 Timeframes

A When Will Reviews Be Conducted

Reviews will begin on or about **February 18, 2016**. All reviews shall be **completed and reports issued** no later than **April 15, 2016**.

B Corrective Action Plan (CAP) Approval

CAP shall be approved within 10 workdays of the report date. Requests for an extension may be submitted to ORAS by SED or CORP coordinator.

C Closing Reports

Closing reports shall be submitted to SED within 30 workdays of the report date. Requests for an extension may be submitted to ORAS by SED or CORP coordinator.

Note: Before an extension will be considered, eCORP must reflect all corrective actions taken as of the date of the request.

D Corrective Action to Be Considered for IPIA Reporting Purposes

A closing report must be submitted for corrective actions to be considered completed for IPIA reporting purposes. All corrective actions must be **completed and documented** in eCORP and the closing report submitted by **May 13, 2016**.

Important: If the corrective action taken for a payment identified as improper is not completed, entered in eCORP and submitted by **May 13, 2016**, ORAS will consider the payment improper for IPIA reporting purposes.

7 Policy and Procedure Questions

A Questions About CORP and IPIA Reviews

Contact ORAS with any questions about policies and procedures for conducting and documenting CORP and IPIA reviews.

B Questions About Other Programs

COR's shall contact the applicable State Office program specialist, for the applicable State, with any questions about specific program policies and procedures for a specific review.

COR's may contact ORAS if the State Office specialist **cannot** provide an adequate answer or is **not** available. When this occurs, ORAS will consult the applicable National Office program division for guidance.

8 Insufficient or Lacking Documentation to Support a Payment

A Completing Corrective Actions

For corrective actions provided in subparagraphs C through I to be considered when determining whether a payment is proper for IPIA purposes, the corrective action **must** be completed by **May 13, 2016**.

Exception: Extensions may be granted according to 1-COR for submitting the closing report; however, for FY 2016 IPIA review purposes, all corrective actions **must** be completed and entered into eCORP on or **before May 13, 2016**, to be considered when determining whether a payment is proper for IPIA reporting purposes.

B Payment Documents

For IPIA review purposes, a payment document shall be the document authorizing the payment, such as the following:

- contract
- application for payment.

C Payment Documents with Unauthorized Representative Signatures

If a representative signature on the payment document was accepted without proper signature authority on file in the County Office before the payment was made, it will be reported as a finding in the report, but **shall not** be considered an improper payment.

The recommended corrective action shall require the County Office to follow 1-CM, subparagraph 707 A in determining whether the individual had authority to sign in a representative capacity.

Note: ORAS will consider the signature invalid and consider the payment improper for IPIA reporting purposes if the closing report does not clearly reflect that proper corrective action was taken and the individual was determined as having signature authority.

D Payment Documents with Missing Signatures

A payment **shall** be considered an improper payment if the payment document is missing the payee's signature.

Note: If the payment document is signed by the payee's representative, authorized or not, the signature shall **not** be considered missing.

8 Insufficient or Lacking Documentation to Support a Payment (Continued)

E Missing Payment Documents

The payment **shall** be considered improper if the payment document is **not** on file. If a copy of the original payment document is obtained:

- **before** the exit conference, COR shall consider the document on file and review the document as if it was the original
- **after** the exit conference, if CED believes the document supports the payment as being properly made, a copy of the document shall be submitted to ORAS for review.

F Nonpayment Documents with Unauthorized Representative Signatures

If a representative signature on the nonpayment document was accepted without proper signature authority on file in the County Office before the payment was made, it will be reported as a finding in the report, but **shall not** be considered an improper payment.

The recommended corrective action shall require the County Office to follow 1-CM, subparagraph 707 A in determining whether the individual had authority to sign in a representative capacity.

Note: ORAS will consider the signature invalid and consider the payment improper for IPIA reporting purposes if the closing report does not clearly reflect that proper corrective action was taken and the individual was determined as having signature authority.

G Missing Signatures on Nonpayment Documents

The payment shall be considered issued improperly when there is a missing signature on a nonpayment document.

For IPIA reporting purposes, the payment may be considered proper if **all** the following conditions are met:

- missing signature is obtained

Note: A representative signature may be accepted if there is acceptable evidence of authority on file on the date the missing signature is obtained.

- all other information on the document supports that the payment was properly made.

Exception: See subparagraph I for guidance on missing signatures on FSA-578's and CCC-576's.

8 Insufficient or Lacking Documentation to Support a Payment (Continued)

H Missing Nonpayment Documents or Other Required Evidence

The payment **shall** be considered issued improperly when nonpayment documents or other required evidence was not provided before the payment was made.

For IPIA reporting purposes, County Offices may obtain missing nonpayment documents or other required evidence to show the payment was made properly provided the:

- obtained documents are reviewed by COC
- payment can be determined proper based on information in the obtained documents.

Note: The determination shall be documented in the COC minutes.

Exception: See subparagraph I for guidance on missing FSA-578's and CCC-576's.

I FSA-578's and CCC-576's

The following **shall** result in the applicable payment being considered improper unless an acceptable FSA-578 or CCC-576 can be obtained using the applicable late-filed procedures:

- missing FSA-578's or CCC-576's
- FSA-578's or CCC-576's with missing signatures
- FSA-578's without the required acreage reported.

9 Statutory or Regulatory Requirements

A Corrective Actions for IPIA Purpose Only

The corrective actions in this notice are for IPIA reporting **only** and do **not** circumvent any statutory or regulatory requirements.

If the normal procedure requires the case to be elevated to the National or State Office for a final determination, this action is expected to occur. Final action by the National or State Office is **not** required to be completed before the closing report is submitted to ORAS.

10 Eligibility Determinations

A Basic Policy

When verifying whether eligibility requirements are met, COR shall verify the County Office followed applicable procedure when making the eligibility determination and all required documentation is on file and supports the determination made.

B Field Visits or Other Actions Performed Outside the County Office

Some eligibility determinations may have required County Offices to conduct visits to a producer's farm, local Government offices, or other locations outside the County Office to obtain information to support eligibility. The results of such visits should have been documented by the County Office.

COR's are **not** required to perform the same kind of field visits in conducting IPIA reviews. COR's shall review the documentation of the County Office visit when verifying whether a proper eligibility determination was made.

C Documentation

Eligibility determinations which are not adequately supported, as required by applicable procedure, are to be considered a reportable finding.

D COC Determinations

Some determinations made by COC are based on COC's personal knowledge of local farming practices and/or specific knowledge of a producer's farming operations. This kind of determination can be subjective in nature and is not subject to a COR's verification. However, such determinations must be adequately documented in COC minutes.

When COC minutes do not adequately document COC determinations and the eligibility is questionable, COR shall include a reportable finding to address the issue.