

For: State and County Offices

**FY 2015 National CORP Review for Improper Payments for LIP
Corrective Actions and Program Policy Reminders**

Approved by: Acting Deputy Administrator, Farm Programs

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1 CORP Findings for FY 2015

A Background

The Improper Payments Information Act (IPIA) of 2002 requires federal agencies to evaluate programs to determine whether internal controls are sufficient to prevent issuing improper payments.

These IPIA reviews enable FSA to have reliable and statistical data to determine effectiveness of programs and whether adequate management controls are in place to conform to IPIA requirements. OMB defines an improper payment as any payment that should not have been issued, or was issued for an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include both overpayments and underpayments.

The FY 2015 improper payment rate for LIP is 6.36 percent. A CORP review was not performed during FY 2012 and 2013 for LIP.

B Purpose

This notice:

- is being issued as part of FSA’s corrective action plan (CAP) as required under IPIA
- informs State and County Offices of CORP findings about LIP
- directs follow-up action within each State to ensure that all offices review the errors and take corrective action
- outlines and reinforces program policy and procedure for:
 - timely filed notices of loss
 - eligible adverse weather events
 - proof of livestock deaths and livestock inventory
 - application supporting documentation and signature requirements.

Disposal Date	Distribution
July 1, 2016	State Offices; State Offices relay to County Offices

Notice LDAP-77

1 CORP Findings for FY 2015 (Continued)

C Action

SED's shall ensure that:

- applicable State Office program chiefs and specialists review this notice in detail to develop CAP's, as needed, to ensure that County Offices follow applicable program procedures issued through National Office notices and program handbooks
- additional internal control procedures are developed to avoid findings indicated by CORP reviews
- applicable State Office program divisions provide additional program training, where needed, and implement CAP's to reduce improper payments
- DD's review this notice with CED's and PT's within their respective districts.

D CORP Review Improper Payment Findings for LIP

The following table provides descriptions for CORP LIP improper payment findings for FY 2015 payments and the related procedure requirements.

Program Area	Description of Findings	Procedure Reference
Payments	Payment is made without a notice of loss on file or timely filed.	1-LDAP (Rev. 1), subparagraphs 40 B and 76 A, and paragraph 72.
	Payment is made for livestock deaths based on an ineligible adverse weather event.	1-LDAP (Rev. 1), subparagraphs 23 A and 41 A.
	Payment is made without acceptable documentation of proof of livestock death and/or inventory.	1-LDAP (Rev. 1) subparagraphs 73 E through K and 75 A and B.
	Payment is based on incorrect livestock information.	1-LDAP (Rev. 1) subparagraphs 41 B through G.

Notice LDAP-77

2 Reminders of Program Policies to Improve IPIA Findings for LIP

A Timely Filed Notice of Loss

1-LDAP (Rev. 1), subparagraph 72 A provides that participants must file a notice of loss on CCC-852, Parts A and B, in their administrative County Office the earlier of either of the following 30 calendar days:

- when the loss of livestock was apparent to the participant
- after the end of the calendar year in which the loss of livestock occurred.

B Eligible Adverse Weather Events

1-LDAP (Rev. 1), subparagraph 41 A provides that to be considered eligible to receive LIP payments, livestock must have died as a direct result of an eligible adverse weather event or attacks by eligible animals or avian predators, as defined according to subparagraph 23 A. 1-LDAP (Rev. 1), subparagraph 23 A defines an eligible adverse weather event as an extreme or abnormal damaging weather event that is not expected to occur during the loss period for which it occurred, which directly results in eligible livestock death losses in excess of normal mortality. See subparagraph 23 A for a list of specific adverse weather events considered eligible under LIP.

Furthermore, State Offices are responsible for establishing eligibility criteria for livestock deaths because of extreme heat and extreme cold. STC must ensure that COC thoroughly documents each case to ensure that death of livestock was a direct result of extreme heat or extreme cold, management decisions were not the cause of loss, the extreme heat or extreme cold was such an abnormality that attributing the direct death of livestock to it is reasonable.

County Offices shall ensure that the adverse weather event entered on CCC-852, item 7, meets the definition of an eligible adverse weather event and/or meets the STC-established eligibility criteria for extreme heat and extreme cold, if applicable.

C Proof of Livestock Deaths and Beginning and Ending Inventory

1-LDAP (Rev. 1), subparagraphs 73 E through K, provide acceptable proof of livestock death losses and beginning and ending inventory for LIP. Before approving an LIP application, County Office must ensure that the livestock owner or contract grower has filed acceptable proof of livestock deaths and beginning and ending inventory.

Notice LDAP-77

2 Reminders of Program Policies to Improve IPIA Findings for LIP (Continued)

D Livestock Eligibility Requirements

1-LDAP (Rev. 1), subparagraphs 41 B through G provide livestock eligibility requirements for LIP including eligible livestock for owners and contract growers, eligibility for newborn livestock, and ineligible livestock. Specifically, subparagraph 41 B provides eligibility requirements for livestock owners and subparagraph 41 D provides eligibility requirements for contract growers.

In addition, in August 2015, 1-LDAP (Rev. 1), subparagraph 41 C was amended to clarify and amend eligibility criteria for newborn livestock under LIP. The amendment clarified that to be considered eligible for LIP, newborn livestock must be born before or during the eligible adverse weather event or attack by eligible animals or avian predators. Also, newborn livestock eligibility criteria was amended to require newborn livestock to die no later than 7 calendar days from the ending date of the applicable eligible adverse weather event or attack by eligible animals or avian predators.

E Complete Application and Signature Requirements

1-LDAP (Rev. 1), subparagraph 73 A provides that an application for payment must be signed and dated by the participant no later than 30 calendar days after the end of the calendar year of when the loss occurred.

1-LDAP (Rev. 1), subparagraph 73 O provides that AD-1026 for the applicable year for which LIP benefits are requested must be on file for the participant. County Offices shall ensure that all supporting documentation is completed by the participant and on file in the County Office before CCC-852 is approved.