

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice LDAP-82

For: State and County Offices

**FY 2016 National CORP Review for Improper Payments
for LFP, Corrective Actions, and Program Policy Reminders**

Approved by: Acting Deputy Administrator, Farm Programs



1 CORP Findings for FY 2016

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 the 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 2016 improper payment rate for LFP is 4.74 percent, up 1.65 percent from the 3.09 percent error rate reported in FY 2015. The following table provides error rates for the past 3 years. A CORP review was not performed during FY 2014 for LFP.

Program	Year	Error Rate
LFP	2013	2.72
	2014	N/A
	2015	3.09
	2016	4.74

Disposal Date	Distribution
July 1, 2017 9-14-16	State Offices; State Offices relay to County Offices

1 CORP Findings for FY 2016 (Continued)

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 LFP
- directs follow-up action within each State to ensure that all offices review the errors and take corrective action
- outlines summary program policies and procedures for State and County Offices to follow to ensure that payments are made on correct forage and livestock information, carrying capacities, and correct entries on completed LFP applications
- outlines and reinforces summary program policy and procedure for acceptable evidence for documenting owned and leased grazing lands that must be on file before an application for payment can be approved
- outlines and reinforces policy about documentation of eligibility for farm operating plans, acreage reports, and highly erodible land and wetland conservation certifications before applications can be approved
- emphasizes the use of the CCC-770 LFP checklist form by:
 - DD's to ensure payment eligibility and payment documentation are correctly reviewed and documented
 - County Offices as a management tool to help address deficiencies identified by a review or spot check of whether LFP policies or procedures are being followed before issuing LFP payments.

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 notices and program handbooks
- additional internal control procedures are developed to avoid findings indicated by CORP reviews

Notice LDAP-82

1 CORP Findings for FY 2016 (Continued)

C Action (Continued)

- 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 LFP

The following table provides descriptions for CORP LFP improper payment findings for FY 2016 payments and the related procedure requirements.

Program Area	Description of Findings	Procedure Reference
Payments	Payment based on incorrect forage information.	1-LDAP (Rev. 1) subparagraphs 411 A through D.
	Payment based on incorrect carrying capacity.	1-LDAP (Rev. 1) subparagraphs 421 F, 442 A and B, and 443 B.
	Payments made without acceptable documentation that grazing land is owned or leased.	1-LDAP (Rev. 1) subparagraphs 402 A, 411 J and K, 412 A and B, and 440 E.
	Payments made with incomplete or improperly filed farm operating plans, acreage reports, and AD-1026's.	1-LDAP (Rev. 1) subparagraphs 420 B and C, 423 C and D, 440 E, 441 D, 600 C and D, and 650 B.
	Payment is based on incorrect livestock information.	1-LDAP (Rev. 1) subparagraphs 411 E through H.

2 Reminders of Program Policies to Improve IPIA Findings for LFP

A LFP Payments Require Correct Livestock and Forage Information, Carrying Capacities, and Complete Applications for Payment

1-LDAP (Rev. 1), subparagraphs 411 A through D provide program provisions for determining whether the forage information the producer provides on CCC-853 meets program eligibility requirements under LFP for drought and fire. For a qualifying drought, an eligible grazing loss must occur on land that is native or improved pastureland with permanent vegetative cover; or be planted to crops specifically for the purpose of providing grazing for covered livestock such as small grains, forage sorghum, annual crabgrass, or annual ryegrass. The land must be physically located in a county that, during the normal grazing period for the specific type of grazing land or pastureland for the county, is rated by the U.S. Drought Monitor as having a D2, D3, or D4 rating for a specific period of time to qualify for either a 1, 3, 4, or 5 month payment.

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

A LFP Payments Require Correct Livestock and Forage Information, Carrying Capacities, and Complete Applications for Payment (Continued)

For a qualifying fire, the loss must occur on rangeland that is managed by a Federal agency and the eligible livestock producer must be prohibited by the Federal agency from grazing the normal permitted livestock on the managed rangeland because of a fire. Documentation according to 1-LDAP (Rev. 1), subparagraph 411 D shall be provided to substantiate that a qualifying fire occurred and that the producers were prohibited from grazing their normal permitted livestock and/or whether their grazing days were reduced because of the fire.

Note: Grazing losses that occur because of a qualifying fire on land managed by a Federal agency must occur during the calendar year that benefits are being requested.

1-LDAP (Rev. 1) subparagraphs 421 F, 442 A, 442 B, and 443 B references carrying capacity when determining eligibility under LFP. Subparagraph 442 A provides instructions for completing a manual CCC-853. Item 24, provides that the carrying capacity be entered for the specific pasture type entered in item 22 for the pasture type suffering the grazing loss. Item 24 also instructs that the carrying capacity will be the STC/COC approved carrying capacity for the specific pasture type in item 22 as established under NAP. State and County Offices need to ensure that the carrying capacity entered on CCC-853, item 24, reflects the STC/COC approved carrying capacity for the specific pasture type.

1-LDAP (Rev. 1) subparagraphs 411 E through H provide livestock eligibility requirements for LFP including eligible covered livestock types that would normally have been grazing the eligible specific type of grazing land or pastureland in the county during the normal grazing period when the Federal agency prohibited the eligible livestock producer from using the managed rangeland for grazing because of fire. The livestock must also be livestock that the producer at any time during the 60 calendar days before the beginning date of a qualifying drought or fire owned, leased, purchased, entered into a contract to purchase, or was a contract grower of the livestock, or sold or otherwise disposed of because of a qualifying drought during the current production year in 1 or both of the 2 production years immediately preceding the current production year (mitigated livestock).

1-LDAP (Rev. 1), paragraphs 440, 441, 442, and Part 7 provide provisions for applying for benefits under LFP, approving LFP applications, and accessing LFP software for entering LFP applications and making payments. Applicable State and/or County Office employees shall review the procedures in these paragraphs to ensure that all entries and items on CCC-853 are completed on each application before applications are approved for payment. Also, applicable State and/or County Office employees shall ensure that all supporting documentation is on file and complete before CCC-853 is approved.

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

B LFP Payments Require Acceptable Documentation That Grazing Land Is Owned or Leased

1-LDAP (Rev. 1) subparagraph 411 J provides that grazing lands are eligible for LFP if documentation provided shows that:

- State and Federal lands are either of the following:
 - land leased on a long term basis that COC determines requires lessee contribution, including but not limited to wells, fences, or other maintenance and upkeep inputs
 - pasture or grazing land leased for cash or fixed amount for an established grazing period
- the land that it is privately owned, cash or share leased pasture or rangeland and is used to provide grazing for covered livestock.

To be eligible for LFP, the livestock producer must provide signed copies of BLM and/or FS grazing permit and/or lease; State land lease and/or State land sublease; and written acreage leases or rental agreements. If written acreage lease or rental agreements were not entered into, a copy of CCC-855 must be completed and signed by the lessor according to 1-LDAP (Rev. 1), subparagraph 412.

COC or CED must review all acreage leases, including CCC-855's to determine whether the livestock producer's contributions are at risk in the grazing land and pastureland for which benefits are being requested under LFP and determinations must be documented in COC minutes. In cases where CED determination of risk may result in adverse determination, CED must obtain concurrence from COC.

Note: In instances where a written lease or rental agreement was not entered into between the original lessee and lessor, and the grazing land or pastureland is subleased, for the lessee associated to the sublease to be considered by COC or CED to have control of the leased acreage or risk in the grazing land and/or pastureland crop acreage for LFP benefits, separate CCC-855's must be completed and signed according to 1-LDAP (Rev. 1), paragraph 412, by the lessor and the original lessee. See 1-LDAP (Rev.1), subparagraph 411 J for further details.

Grazing land must also be reviewed to determine that it is not ineligible grazing lands according to 1-LDAP (Rev. 1), subparagraph 411 K such as but not limited to being leased on a weight gain basis, cost per head, per day, or per month basis. An exception applies on some leases on a cost per head per month basis only. See 1-LDAP (Rev. 1), subparagraph 411 K for the exception.

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

C LFP Payments Require Documentation for Farm Operating Plans, Acreage Reports, and AD-1026's

1-LDAP (Rev. 1), subparagraphs 420 B and C provide the provisions for filing payment limitation documentation for farm operating plans (CCC-902) and reporting individual members of legal entities and attribution (CCC-901) according to 5-PL.

1-LDAP (Rev. 1), subparagraph 423 C provides that a participant must have a current CCC-902 on file for the participant on CCC-853 and CCC-901 on file for legal entities according to 5-PL before payment under LFP can be issued.

1-LDAP (Rev. 1), subparagraph 423 D provides that AD-1026 for the applicable year for which LFP benefits are requested must be on file for the participant according to 6-CP.

1-LDAP (Rev. 1), subparagraph 440 E provides that FSA-578, report of acreage for the grazing land incurring losses according to 2-CP must be completed by the participant and on file in the County Office no later than 30 calendar days after the end of the calendar year for which benefits are requested.

D Use of CCC-770 LFP

1-LDAP (Rev. 1), subparagraph 441 D, provides that for 2016 and subsequent calendar years, DD's shall review the first five CCC-853's submitted, for both qualifying drought conditions and fire conditions, in each Service Center before approval to ensure that payment calculations are correct and payment eligibility is met. This review is to be documented on CCC-770 LFP.

1-LDAP (Rev. 1), paragraph 444 provides that County Offices may use CCC-770 LFP as a management tool to help address deficiencies identified by a review or spot check of whether LFP policies or procedures are being followed before issuing LFP payments. SED, STC, or designee, DD, or CED, will determine:

- when County Offices are to complete CCC-770 LFP, if apparent internal control deficiencies are found during CED, STC representative, or DD reviews
- whether CCC-770 LFP is necessary to avoid findings indicated in COR reviews
- when additional internal controls are necessary to reduce improper payments.