

UNITED STATES DEPARTMENT OF AGRICULTURE

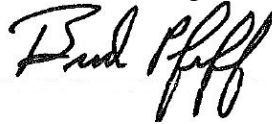
Farm Service Agency
Washington, DC 20250

Notice NAP-181

For: State and County Offices

**FY 2015 National CORP Review for Improper Payments
for NAP and NAP Frost Freeze (NAPFF) Program**

Approved by: Acting Deputy Administrator, Farm Programs



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 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 overall FY 2015 improper payment rate for NAP (both regular and Frost Freeze) is 7.31 percent, up from the 4.25 percent error rate reported in FY 2014.

Program	Year	Error Rate
NAP	2013	5.23 percent
	2014	4.25 percent
	2015	7.31 percent

B Purpose

This notice:

- is being issued as part of FSA's corrective action plan as required under IPIA
- informs State and County Offices of the unmet reduction target, CORP findings about NAP and NAPFF, and program areas having significant improper payments
- directs follow-up action within each State to ensure that all offices review the errors and take any needed corrective action.

Disposal Date

April 1, 2016
10-23-15

Distribution

State Offices; State Office relay to County Offices

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1 CORP Findings for FY 2015 (Continued)

C Unmet Annual Reduction Target

The Agency was unsuccessful in meeting its improper payment reduction target rate for FY 2015 NAP. If FSA had met its 4.90 percent reduction target, approximately \$4.2 million in reported improper payments could have been avoided.

The following administrative or process errors were found to be the most significant root causes for FY 2015 improper payments, totaling over \$5 million in incorrect disbursements.

Administrative or Process Error Description	Examples
Incorrect crop acreage was used to calculate payment.	Unit acreage certification does not include all acreage of the eligible crop.
	Ineligible land is included in the loss calculation.
	Number of acres, colonies, taps is missing or incorrect on CCC-576.
	Number of acres grazed is missing or incorrect on CCC-576.
	AUD loss factor is missing or incorrect on CCC-576.
	AUD assigned is missing or incorrect on CCC-576.
	Unharvested crop acreage was not appraised.
Incorrect Production used to calculate payment.	Production assigned for NAP crop planted after final planting date is incorrect.
	Production is not assigned for acreage planted during the late planting period.
	Actual production is recorded incorrectly.
	Verifiable or reliable production records are not on file to support the application for payment.
	Net production entered on CCC-576 A is incorrect.
	AUD loss is calculated incorrectly.
	Production is missing or incorrect on CCC-576.
	Carrying capacity is missing or incorrect on CCC-576.
Unit approved yield is incorrect.	Unharvested crop acreage was not appraised.
	Actual production history is calculated incorrectly.
	Percentage of T-yield used to calculate approved yield is incorrect.
	Incorrect production is used to calculate yield.
	New producer actual production history is incorrect. Approved yield is not completed by October 31 of the program year.

1 CORP Findings for FY 2015

D Action

SED's will ensure that:

- applicable State Office program chiefs and specialists review this notice in detail to develop Corrective Action Plans (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
- applicable State Office program divisions provide additional program training, when needed, and implement CAP's to reduce improper payments
- DD's **promptly** review this notice in detail with CED's and PT's within their respective districts to recognize and discuss program areas which cause improper payments, and report any vulnerabilities to the State Office
- the instructions for completing CCC-576 for 2013 and subsequent years are followed according to 1-NAP (Rev. 1), Exhibit 44, and CCC-576 for 2015 and subsequent years are followed according to 1-NAP (Rev. 2), Exhibit 53, **before** application for payment is approved
- when improper payments are identified, authorized actions to correct and prevent payments from being counted as improper will be completed and entered in eCORP by the required deadline established by the Operations Review and Analysis Staff.

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1 CORP Findings for FY 2015

E CORP Review Improper Payments for NAP

The following provides the improper payment findings for NAP and NAPFF payments issued during FY 2014 and the applicable procedural requirements.

Program Area	Description of Findings	1-NAP (Rev. 1) Procedure Reference
Producer Eligibility	Production reporting requirements are not met.	Subparagraph 8 A
	Producer is not in compliance with HELC/WC.	Subparagraph 8 A
	CCC-902 is not on file.	Subparagraph 8 A
	Producer does not have risk.	Subparagraph 29 B
	Producer does not have valid ownership share.	Subparagraph 29 B
	Producer exceeded AGI limit.	Paragraph 33.5
	AGI certification is not on file.	Paragraph 33.5
	Document for direct attribution is not on file.	Paragraph 34.5
	Acceptable acreage report is not on file.	Paragraph 151
	Required production evidence is not on file.	Subparagraph 155 A
CCC-471, Application for Coverage	Acceptable CCC-471 is not on file.	Subparagraph 23 A
CCC-473, 2012 NAP Frost Freeze Program Application	Acceptable CCC-473 is not on file.	Subparagraph 1807 A
CCC-576-1 Appraisal /Production Report	CCC-576-1 is not properly completed.	Exhibit 42

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1 CORP Findings for FY 2015 (Continued)

E CORP Review Improper Payments for NAP (Continued)

Program Area	Description of Findings	1-NAP(Rev. 1) Procedure Reference
CCC-576, Notice of Loss and Application for Payment	Loss approved for an ineligible cause of loss.	Paragraph 21
	Notice of Loss is not on file.	Subparagraph 401 B
	Notice of Loss filed late.	Subparagraph 401 C
	Notice of Loss does not contain sufficient information relating to loss.	Subparagraph 401 D
	Loss was not approved before payment was issued.	Subparagraph 401 E
	Application for payment is not filed timely.	Subparagraph 502 A
	CCC-576, Part D is not properly completed.	Exhibit 44, Paragraph A, Part D
	CCC-576, Part F is not properly completed.	Exhibit 44, Paragraph A, Part F
	Producer did not sign CCC-576, Part G before payment was issued.	Exhibit 44, Paragraph A, Item 52 A
	CCC-576, Part G is not signed by LA or FSA representative.	Exhibit 44, Paragraph A, Item 53 A
	Application for payment was not approved before payment was issued.	Exhibit 44, Paragraph A, Part H
Approved Yield	Approved yield improperly computed.	Paragraph 251
Approved Payment Calculation	Incorrect crop used to calculate payment.	Exhibit 44, Paragraph A, Part H
	Incorrect crop type used to calculate payment.	Exhibit 44, Paragraph A, Part H
	Incorrect intended use was used to calculate payment.	Exhibit 44, Paragraph A, Part H
	Incorrect planting period used to calculate payment.	Exhibit 44, Paragraph A, Part H
	Incorrect practice used to calculate payment.	Exhibit 44, Paragraph A, Part H
	Incorrect crop acreage used to calculate payment.	Subparagraph 503 E
	Incorrect total production used to calculate payment.	Subparagraph 503 E
	NAPFF Payment was not reduced by other payments received.	Subparagraph 1806 A
	NAPFF Payment was incorrectly limited.	Subparagraph 1806 A