

## IMPROPER PAYMENT CORRECTIVE ACTIONS SECTION

In the spring of 2020, Department of Agriculture (USDA) agencies analyzed transactions from fiscal year (FY) 2019 as described in the Agency Financial Report (AFR). Please keep in mind that since USDA reports improper payments 1 year in arrears, corrective actions taken to reduce improper payments in FY 2019 have not been reflected in the improper payment amount of this report. USDA continues to enact specific corrective actions to resolve root causes of improper payments and strategically strengthen program integrity while ensuring access to program and activities.

Programs and activities determined to have improper payments exceeding the susceptible to significant improper payment threshold (per Office of Management and Budget (OMB) OMB-18-20) must put in place a corrective action plan to prevent and reduce the improper payment amount. The tables below describe the actions taken and planned for each high-risk program that is above the aforementioned reporting threshold. Beginning in FY 2019, USDA asked high-risk programs reporting over the statutory threshold to categorize improper payments into “sub root causes,” which provide an additional breakdown of OMB root causes of error. The goal of the sub root cause is to help USDA obtain a clearer understanding of what truly caused the improper payments to occur.

OMB-18-20, states: “Agencies should also describe the results of actions taken to address the root causes and the planned or actual completion date of the actions taken to address each root cause.” Some of the corrective actions offer an indication of the impact it will have on addressing a root cause; however, in most cases, a series of corrective actions have cumulative impacts in improving payment accuracy.

### HIGH RISK PROGRAMS:

- The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs
- Livestock Forage Program (LFP)
- Market Facilitation Program (MFP)
- Noninsured Crop Disaster Assistance Program (NAP)
- Trade Mitigation Program (TMP)
- Wildfires and Hurricanes Indemnity Program (WHIP)
- Emergency Conservation Program (ECP) Hurricane Harvey<sup>1</sup>

<sup>1</sup>FSA’s ECP Hurricane Harvey payment integrity testing results estimated a payment error rate of 18.74% with \$8 million dollars in payments not made properly. Since the \$8 million dollar result is below the \$10 million dollar reporting threshold, ECP is not required to publish corrective actions. However, the 18.74% error rate places the program above the IPERA statutory threshold of 10%. Thus, ECP will be considered IPERA non-compliant after OIG audit concludes its IPERA Compliance Audit in May 2021. FSA’s ECP program manager and agency management are proactively working on strategies that will address root causes, improve payment integrity rates, and demonstrate improved stewardship over program resources.

PROGRAM: FSA ARC/PLC

Root Cause (See Root Causes Table)	➔	Administrative or Process Error Made by Federal Agency
USDA’s Sub Root Cause	➔	<ul style="list-style-type: none"> <li>County Office employees did not follow procedure in approving and documenting such approval of ARC/PLC contracts.</li> <li>County Offices did not follow late-filed provisions for acreage reports according to established procedures.</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$19.98 (\$ in millions)

Corrective Actions	Completion Date
A notice was issued identifying this finding and reiterating the applicable policy.	May 2020 Weekly Ongoing
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.	May 2020 Weekly Ongoing
Internal reviews are conducted that enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.	May 2020 Weekly Ongoing

PROGRAM: FSA ARC/PLC		
Root Cause (See Root Causes Table)	➔	Insufficient Documentation to Determine
USDA’s Sub Root Cause	➔	County offices did not adequately document eligibility forms.
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$31.53 (\$ in millions)
Corrective Actions	Completion Date	
A notice was issued identifying this finding and reiterating the applicable policy.	May 2020 Weekly Ongoing	
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.	May 2020 Weekly Ongoing	
Internal reviews are conducted that enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.	May 2020 Weekly Ongoing	

PROGRAM: FSA LFP	
Root Cause (See Root Causes Table)	→ Inability to Authenticate Eligibility
USDA’s Sub Root Cause	→ An acceptable written acreage lease, rental agreement, or CCC-855 is not on file.
Amount Associated with the Root Cause (See Root Causes Table)	→ \$6.5 (\$ in millions)
Corrective Actions	Completion Date
A notice will be issued identifying this finding and reiterating the applicable policy.	October 2021
LFP refresher training will be held in each State/county that meet/trigger the drought monitor criteria that the county is eligible for LFP. Root causes of improper payments will be stressed throughout several presentations.	October 2021
A request for funding has been submitted to enhance LFP software with the ability to interface with farm record data to automatically generate a CCC-855, if needed, for owners/operators to complete to meet eligibility requirements. NOTE: Software enhancements are contingent upon budget.	October 2021

PROGRAM: FSA LFP		
Root Cause (See Root Causes Table)	➔	Failure to Verify (Other)
USDA's Sub Root Cause	➔	<ul style="list-style-type: none"> <li>Signature authority is not on file for person signing program documents in a representative capacity.</li> <li>AGI compliance is not met before payment is issued.</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$0.33 (\$ in millions)
Corrective Actions	Completion Date	
A notice will be issued identifying this finding and reiterating the applicable policy.	December 2020	
LFP refresher training will be held in each State/county that meet/trigger the drought monitor criteria that the county is eligible for LFP. Root causes of improper payments will be stressed throughout several presentations.	December 2020	

PROGRAM: FSA LFP		
Root Cause (See Root Causes Table)	➔	Insufficient Documentation to Determine
USDA’s Sub Root Cause	➔	<ul style="list-style-type: none"> <li>An acceptable FSA-578 is not on file for all grazing acres for which a loss is claimed.</li> <li>CCC-853 is approved before the CCC-902 or AD-1026 is on file.</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$18.25 (\$ in millions)
Corrective Actions		Completion Date
<p>Program Managers, Compliance Division, and Program Delivery Branch are identifying areas where software can be enhanced to mitigate these errors, policy clarified, and training provided. This process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.</p>		December 2020
<p>A notice will be issued identifying these errors and referencing applicable policy.</p>		December 2020

PROGRAM: FSA LFP		
Root Cause (See Root Causes Table)	➔	Administrative or Process Errors Made by Federal Agency
USDA’s Sub Root Cause	➔	<ul style="list-style-type: none"> <li>• Approved CCC-853 includes ineligible acreage</li> <li>• Carrying Capacity is incorrect on CCC-853</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$ 4.9 (\$ in millions)
Corrective Actions		Completion Date
LFP refresher training will be held in each State/county that meet/trigger the drought monitor criteria that the county is eligible for LFP. Root causes of improper payments will be stressed throughout several presentations.		December 2020
A notice will be issued identifying these errors and referencing applicable policy.		December 2020

PROGRAM: FSA MFP

Root Cause (See Root Causes Table)	➔	Administrative or Process Errors Made by Federal Agency	
USDA’s Sub Root Cause	➔	County Office employees did not follow procedure in documenting re-delegation of authority prior to approving contracts.	
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$187.53	(\$ in millions)

**Corrective Actions**

**Completion Date**

The Market Facilitation Program (MFP) and Trade Mitigation Program (TMP) are considered MFP programs; however, the MFP designation covers the 2018 program year and the TMP designation covers the 2019 program year. The basic difference between the two designations is that 2018 MFP paid on actual harvested production for non-specialty crops and specialty crops. In FY 2019, TMP paid on the number of acres planted for non-specialty and specialty crops, including prevented planted acres of non-specialty crops provided it was followed by a cover crop. Please see the TMP corrective action below.



PROGRAM: FSA MFP

Root Cause (See Root Causes Table)	➔	Insufficient Documentation to Determine
USDA’s Sub Root Cause	➔	<ul style="list-style-type: none"> <li>• Handbook 5-PL policy, which requires participants to complete the CCC-902, Producer Farm Operating Plan, is not being followed.</li> <li>• Handbook 6-CP policy, which requires participants to complete the AD-1026, HELC/WC Certification, is not being followed.</li> <li>• FSA-578 Crop Acreage Reports are required to report ownership share in non-specialty crops and specialty crops.</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$290.06 (\$ in millions)

**Corrective Actions**

**Completion Date**

MFP and TMP are considered MFP programs; however, the MFP designation covers the 2018 program year and the TMP designation covers the 2019 program year. The basic difference between the two designations is that 2018 MFP paid on actual harvested production for non-specialty crops and specialty crops. In FY 2019, TMP paid on the number of acres planted for non-specialty and specialty crops, including prevented planted acres of non-specialty crops provided it was followed by a cover crop. Please see the TMP corrective action below.

PROGRAM: FSA NAP		
Root Cause (See Root Causes Table)	➔	Administrative or Process Errors Made by Federal Agency
USDA’s Sub Root Cause	➔	Errors were made that did not affect the calculation of a payment.
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$ 9.84 (\$ in millions)
Corrective Actions	Completion Date	
An updated NAP 770 Checklist has been issued that will assist NAP specialists to complete applications thoroughly with less administrative data missing. The NAP-770 Checklist is required to be completed when an application for payment is filed.	August 31, 2020	
The Safety Net Division’s Disaster Assistant Section (DAS) is planning to complete additional NAP training targeting States with high error rates in order to educate states and prevent future errors.	December 31, 2020	

PROGRAM: FSA NAP		
Root Cause (See Root Causes Table)	➔	Insufficient Documentation to Determine
USDA’s Sub Root Cause	➔	Data required to accurately complete acreage reports, production, yields, etc., is incomplete.
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$9.87 (\$ in millions)
Corrective Actions	Completion Date	
Notices have been issued identifying this finding and reiterating the applicable policy	August 5-9, 2019	
Deputy Administrator Farm Programs (DAFP), Safety Net Division’s DAS has expanded NAP’s 770 Checklist, which is now required to be completed when an application for payment is filed.	August 31, 2020	
The Safety Net Division’s DAS is planning to complete additional NAP training targeting States with high error rates. The root causes of improper payments will be stressed throughout several presentations reiterating the importance of issuing proper payments.	December 31, 2020	

PROGRAM: FSA NAP	
Root Cause (See Root Causes Table)	➔ Failure to Verify (Other)
USDA’s Sub Root Cause	➔ <ul style="list-style-type: none"> <li>Handbook 5-PL policy which requires participants to complete the required CCC-902, Producer Farm Operating Plan, is not being followed.</li> <li>Documenting the determination on the CCC-903, County FSA Committee (COC) determination is not being performed.</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔ \$ 0.99 (\$ in millions)
Corrective Actions	Completion Date
Software enhancements were discussed by the Agency to require the Business File records to be read during the NAP payment process. NOTE: Software enhancements are contingent upon budget.	August 31, 2020
The Safety Net Division’s DAS is planning to complete additional NAP training targeting states with high error rates. The root causes of improper payments will be stressed throughout several presentations reiterating the importance of issuing proper payments.	December 31, 2020

PROGRAM: FSA TMP		
Root Cause (See Root Causes Table)	➔	Administrative or Process Errors Made by Federal Agency
USDA’s Sub Root Cause	➔	County Office employees did not follow procedure in documenting re-delegation of authority prior to approving contracts.
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$157.23 (\$ in millions)
Corrective Actions	Completion Date	
State Office designee verified that redelegation of authority is recorded in Executive Session Minutes prior to any applications being approved other than by the County Office Committee.	May 31, 2020	
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.	May 31, 2020 Ongoing	

PROGRAM: FSA TMP		
Root Cause (See Root Causes Table)	➔	Insufficient Documentation to Determine
USDA’s Sub Root Cause	➔	<ul style="list-style-type: none"> <li>• Handbook 5-PL policy which requires participants to complete the CCC-902, Producer Farm Operating Plan, is not being followed.</li> <li>• Handbook 6-CP policy which requires participants to complete AD-1026, HELC/WC Certification, is not being followed.</li> <li>• FSA-578 Crop Acreage Reports are required to report ownership share in non-specialty crops and specialty crops.</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$143.71 (\$ in millions)
Corrective Actions	Completion Date	
County Office will verify the required payment eligibility forms are on file for the applicant before payment is disbursed.	December 31, 2020	
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.	December 31, 2020	

PROGRAM: FSA TMP		
Root Cause (See Root Causes Table)	➔	Failure to Verify (Other)
USDA’s Sub Root Cause	➔	Handbook 5-PL policy which requires participants to complete the CCC-941, Certification of Adjusted Gross Income, is not being followed.
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$7.07 (\$ in millions)
Corrective Actions		Completion Date
County Office (COF) will verify the correct determination is recorded in the subsidiary file for the applicant before payment is disbursed.		December 31, 2020
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.		December 31, 2020

PROGRAM: FSA WHIP			
Root Cause (See Root Causes Table)	➔	Administrative or Process Errors Made by Federal Agency	
USDA’s Sub Root Cause	➔	Administrative and/or process errors needed to verify producer eligibility and/or approval of a payment.	
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$118.03	(\$ in millions)
Corrective Actions			Completion Date
A CCC-770 WHIP Checklist will be provided which will assist WHIP specialists to complete applications thoroughly with less administrative data missing. The CCC-770 WHIP Checklist is suggested to be completed prior to issuing WHIP payment and to help fulfill 2nd party reviews.			December 31, 2020



PROGRAM: FSA WHIP		
Root Cause (See Root Causes Table)	➔	Insufficient Documentation to Determine
USDA’s Sub Root Cause	➔	Data required to accurately complete acreage reports, production, yields, etc., is incomplete.
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$101.69 (\$ in millions)
Corrective Actions	Completion Date	
Notices will be issued identifying this finding and reiterating the applicable policy.	December 31, 2020	
Notice IA-3 will be issued identifying improper payment findings and referencing 1-WHIP handbook policy guidance.	December 31, 2020	
Notice AO-1740 will be issued implementing a new review process to support and enhance integrity and accountability in FSA. The new internal review process will enable us to identify errors earlier in the process, the reasons why they are occurring and improve communication	December 31, 2020	

PROGRAM: FSA WHIP		
Root Cause (See Root Causes Table)	➔	Inability to Authenticate Eligibility
USDA’s Sub Root Cause	➔	Valid documents needed for producer eligibility are not completed to verify approval of a payment.
Amount Associated with the Root Cause (See Root Causes Table)	➔	\$1.55 (\$ in millions)
Corrective Actions	Completion Date	
A CCC-770 WHIP Checklist will be provided that will assist WHIP specialists to complete applications thoroughly with less administrative data missing. The CCC-770 WHIP Checklist references eligibility documents and is suggested to be completed prior to issuing WHIP payment. In addition, 1-WHIP par4E requires second party reviews be performed prior to payments being made.	December 31, 2020	
To ensure eligibility requirements are met and all documents are completed and timely, 1-WHIP par4A requires the first five applications of an employee in the service center be reviewed by a State Office representative.	December 31, 2020	

PROGRAM: FSA WHIP	
Root Cause (See Root Causes Table)	➔ Failure to Verify (Other)
USDA's Sub Root Cause	➔ <ul style="list-style-type: none"> <li>• Handbook 5-PL policy which requires participants to complete the required CCC-902, Producer Farm Operating Plan, is not being followed.</li> <li>• Documenting the determination on the CCC-903, County FSA Committee (COC) determination is not being done.</li> </ul>
Amount Associated with the Root Cause (See Root Causes Table)	➔ \$3.3 (\$ in millions)
Corrective Actions	Completion Date
Software enhancements are being discussed by the Agency to require the Business File records to be read during the WHIP payment process.	December 31, 2020
NOTE: Software enhancements are contingent upon budget.	