

**U.S. DEPARTMENT OF AGRICULTURE
FARM PRODUCTION AND CONSERVATION MISSION AREA
BUSINESS CENTER
WASHINGTON, DC 20250**

FSA Notice COR-135

FPAC NOTICE	NUMBER: FPAC-N 1700-001
SUBJECT: FY 2019 Improper Payments Information Act (IPIA) Reviews	DATE: March 27, 2019
APPROVING OFFICIAL: Sarah J. Lynch, Deputy Chief Operating Officer – Enterprise Services	EXPIRATION DATE: September 30, 2019

1. 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.

2. MESSAGE

(1) Background

- (a) The Improper Payments Elimination and Recovery Act of 2010 (IPERA), which 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. The Office of Management and Budget (OMB) is responsible for providing guidance necessary to implement IPERA and IPIA.
- (b) IPIA requires agencies with programs that have a significant risk of improper payments to—
 - 1 estimate the amount of improper payments annually.
 - 2 report the estimates to the President and Congress.
 - 3 provide a report of actions to reduce improper payments.
- (c) OMB guidance provides that—
 - 1 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.
 - 2 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.

- (d) For 2019 only, this IPIA review is specific to FSA Farm Programs. NRCS programs are not included.
- (e) The improper payment reviews have previously been completed each year by internal FSA staff. With the creation of the Business Center, that function has been consolidated into the Performance, Accountability, and Risk (PAR) Division, which will complete the IPIA reviews for both NRCS and FSA for the 2020 review and thereafter. County Operations Reviewers (CORs) will be referred to as “reviewers” and COR coordinators will be referred to as “State review coordinators.”

(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—

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

(b) Statistician Expertise

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

(3) Scope of Reviews

(a) IPIA

The scope of the 2019 IPIA review is limited to payments issued in FY 2018 for—

- 1 Agriculture Risk Coverage and Price Loss Coverage Program - ARC/PLC.
- 2 Emergency Conservation Program – ECP.
- 3 Livestock Forage Disaster Program – LFP.
- 4 Noninsured Crop Disaster Assistance Program – NAP.
- 5 Wildfires and Hurricanes Indemnity Program – WHIP.

(b) Payment Verifications

Reviewers will verify whether the payments in the sample were properly made by ensuring that payments were issued—

- 1 for the correct amount.

- 2 to the correct payee.
- 3 with all required supporting documentation on file.
- 4 after all program and producer eligibility requirements were met.

(4) Review Assignments

(a) States With Assigned Reviewers

PAR Internal Auditing Branch will make all review assignments and provide the State review coordinator with a list of counties in their State selected for review, including the number of payments selected in each county. If it becomes necessary to adjust the counties as assigned, the State coordinator will contact PAR with requested changes.

(b) States Without an Assigned Reviewer

PAR Internal Auditing Branch will make assignments for States without a reviewer.

(c) Travel Requirements and Costs

- 1 Reviewers are authorized to travel to the selected county office to conduct each assigned review. Reviewers must—
 - a consider the most economical means of travel considering transportation costs, per diem expenses, salary, and government vehicle availability.
 - b be responsible for managing their allotted travel funds.

Exception: A reviewer is not required to travel to conduct reviews in counties having **three or fewer payments**. Follow 1-COR, subparagraph 37 C, for guidance on conducting offsite reviews and subparagraph 37 D for hybrid offsite reviews.

Note: Monthly travel expenses will be reported to PAR Internal Auditing Branch by the 5th of each month following the month in which travel occurred.

(d) Scheduling Reviews

Reviewers must work with State review coordinators to schedule assigned reviews. Reviewers assigned to conduct reviews outside their normal assigned State or States will be provided contact information for the applicable State review coordinator and State Executive Director (SED) by PAR Division.

(5) Conducting IPIA Reviews

(a) Basic Policy

The majority of reviews assigned having four or more payment samples must be

conducted onsite.

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

- Scanning documents to email
- Fax
- SharePoint

(b) Integrity of the Review

When a determination is made by the reviewer to conduct the review offsite, county offices will be asked to send documentation directly to reviewer. In these situations, it is important the documentation is not altered before being sent. If the reviewer discovers information obtained has been altered in anyway, immediately contact PAR Internal Auditing Branch.

(c) County Offices Sending Documentation to Reviewer

When the reviewer determines an offsite review will be conducted, the county office must be contacted to request the required documentation be FAXed, scanned and emailed, or loaded to SharePoint. County offices are given up to 3 workdays from the date of request to provide the documentation. Any documentation containing PII data must be protected in accordance with applicable encryption or emailing procedures.

Note: County offices may use one of the three methods to send documentation to reviewers for reviews conducted offsite. Offices must avoid mailing hardcopies of documentation.

(d) Entrance Conference

The entrance conference must be held the day reviewer arrives in the office for onsite reviews, and by telephone when the reviewer conducts a review offsite. The reviewer, in consultation with SED, determines who is required to participate in the conference.

(e) Electronic eCORP and CORPQS Web Applications

Reviewer must—

- 1 document the review using the eCORP Web application.

Note: In eCORP, use National Code Designation “2019 National IPIA Review” to identify the review.

- 2 create a separate eCORP report for each county office selected for IPIA review.

3 answer questionnaires about specific payments using the new CORPQS application

Note: The IPIA web software previously used to report the review completion data has been reissued as “CORPQS.”

(f) Modifying and Expanding Samples

Payments to be reviewed will be provided to reviewers. The scope of the review may not be expanded to include payments not included in the statistical sample. Reviewers must 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, reviewers may not expand the review to those payments. If needed, the “Observation” section of the report may address any issue with payments not included in the statistical sample.

(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.

(h) When Improper Payments Are Identified

While conducting the review, reviewer must immediately notify the County Executive Director (CED) of any improper payments identified as soon as they are found. This will provide the 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, reviewer must 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 issues in advance of the conference.

Important Note: The final report will be issued 10 days following the exit conference. This will allow time for the county to provide any missing documentation not located during the review. This timeframe represents a measured reduction of the time and corrective options previously allowed in IPIA reviews. In following years, the timeframe for providing unlocated documentation will be according to standard audit policy.

(j) Exit Conferences

The exit conference must be held on the final day of the review when onsite and by telephone on the final day of the review when conducted offsite. The reviewer, in consultation with SED, determines 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 the issuance of this notice. All reviews must be **completed and reports issued** no later than May 15, 2019.

(b) Corrective Action Plan (CAP) Approval

CAP must be approved within 10 workdays of the report date. Requests for an extension may be submitted to PAR Internal Auditing Branch by SED or State review coordinator. Corrections approved by the State office and national PAR Division are required but will **not** change the final improper payment score for the county or program reviewed.

(c) Closing Reports

IPIA closing reports must be submitted to SED within 30 calendar days of the report date. Requests for an extension may be submitted to PAR Internal Auditing Branch by SED or State review coordinator.

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

(7) Policy and Procedure Questions

(a) Questions About CORP and IPIA Reviews

Contact PAR Internal Auditing Branch with any questions about policies and procedures for conducting and documenting CORP and IPIA reviews.

(b) Other Program Questions

1 Reviewers must contact the applicable State office program specialist for the applicable State with any questions about specific program policies and procedures for a specific review.

2 Reviewers may contact PAR Internal Auditing Branch if the State office specialist cannot provide an adequate answer or is not available. When this occurs, PAR Internal Auditing Branch will consult the applicable national office program division for guidance.

(8) Insufficient or Lacking Documentation to Support a Payment

Missing Documentation

The payment must be considered improper if the required documents are not on file. If the document was misfiled and the originally obtained document is found—

- (a) **before** the exit conference, the reviewer must consider the document on file and review the document as normal.
- (b) **after** the exit conference but before report issuance, a copy of the document will be forwarded to the reviewer for final review and action. If determined acceptable, the reviewer will **remove** the finding from eCORP.

(9) Eligibility Determinations

(a) Basic Policy

When verifying whether eligibility requirements are met, the reviewer must 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. Reviewers are not required to perform the same kind of field visits in conducting IPIA reviews. Reviewers must review the documentation of the field 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

- 1 Some determinations made by county committee (COC) are based on COC's personal knowledge of local farming practices, specific knowledge of a producer's farming operations, or both. This kind of determination can be subjective in nature and is not subject to a reviewer's verification. However, these determinations must be adequately documented in COC minutes.
- 2 When COC minutes do not adequately document COC determinations and the eligibility is questionable, the reviewer must include a reportable finding to address the issue.

3. CONTACT

Questions regarding this notice should be directed to Iris Evans at (202) 720-9498.

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