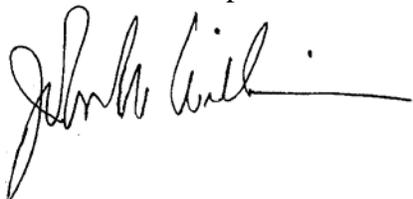


For: State Offices

**National Target Reviews - Marketing Assistance Loans (MAL's)
and Loan Deficiency Payments (LDP's)**

Approved by: Acting Associate Administrator for Operations and Management



1 Overview

A Background

The Improper Payments Information Act of 2002 (IPIA) requires agencies with programs where the risk of erroneous payment is significant to estimate the annual amount of erroneous payments, and report the estimates to the President and Congress including a report of actions to reduce erroneous payments.

One of the steps in IPIA compliance is to create a statistically valid estimate of the annual amount of erroneous payments in a program. To review 2003 program year MAL's and LDP's, a contractor was used to develop the sample, review the sample, document the results, and analyze the results to create a valid estimate of erroneous payments.

To review 2005 program year MAL's and LDP's, COR's will be used to review the sample and document the results.

B Purpose

This notice provides an overview of how upcoming National Target Reviews will be conducted to support the Agency's compliance with IPIA by collecting and analyzing a statistical sample of MAL's and LDP's made at the county level.

Disposal Date June 1, 2006	Distribution State Offices; State Offices relay to CORP Coordinators and COR's
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2 Statistical Sampling and Data Analysis

A Statistical Techniques

County Office and individual records will be selected using 1 or more scientifically sound statistical methods.

B Use of Statistician

The sampling and data analysis will be preformed by an experienced survey statistician who is under contract by FSA.

3 Scope of Reviews

A Loan Disbursements and LDP's

The scope of the review will be limited to certain 2005 program year MAL disbursements and LDP's. COR's will be required to verify the loan and LDP amounts for the selected sample are correct by ensuring, as applicable, that:

- the correct payment attributes were used
- basic commodity and producer eligibility rules were met.

Loan repayment or refund activity will not be included in the scope of review.

B Verification Items

ORAS in consultation with program managers will determine the verification items for review.

4 COR Assignments

A ORAS Assignments

Since County Offices are statistically selected, there is an uneven distribution of County Offices geographically. Some COR's may:

- **not** be assigned a review
- be assigned County Offices in other States.

ORAS shall be responsible for determining which COR's are assigned to conduct the applicable reviews considering travel distances and expenses. ORAS will notify COR's and CORP Coordinators of the assignments. Every attempt will be made to assign COR's to the selected County Offices nearest the COR's headquarters to conduct reviews.

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4 COR Assignments (Continued)

B Priority

National Target reviews take priority over any previously assigned review.

C Travel Requirements and Costs

For the majority of reviews, COR's will be assigned to County Offices within their normal expected travel distances, but not necessarily their assigned States. However, COR's may incur travel expenses such as airfare and car rental that are not considered normal.

If COR's travel is extended to other States outside their normal expected travel distances, then States should follow the instructions in Notice BU-690 to request reimbursement to their travel allotment.

5 Reporting Review Results

A SCORP Software and Excel Spreadsheets

COR's shall:

- document the review using the SCORP software in the normal manner, including making recommendations
- be required to enter data into an Excel spreadsheet to be provided by ORAS that will allow the statistician to facilitate statistical estimates.

The Excel spreadsheet and instructions will be provided to COR's at a later date.

6 Modification of Samples

A Changes to Sample

For reviews to be statistically sound, no changes in selection of County Offices or records to be reviewed are allowed. It is possible that MAL's or LDP's may have already been reviewed in selected County Offices, but for the purpose of these National target reviews, the selection process **cannot** be modified.

B Expanding Samples

Records to be reviewed will be provided to COR's and samples will not be expanded.

7 Timeframes

A When Will Reviews Be Conducted

ORAS anticipates that the reviews will begin in March and be completed by April 15.

B Length of Reviews

ORAS is designing the reviews in a manner that should allow each review to be completed in less than 2 workdays.