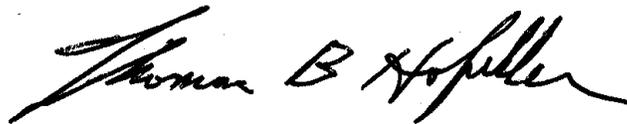


For: State Offices

FY 2009 Improper Payments Information Act of 2002 (IPIA) Reviews

Approved by: Acting Administrator



1 Overview

A Background

Congress enacted several laws to improve the integrity of the government’s payments and the efficiency of its programs and activities. IPIA is 1 of those laws. IPIA designates that OMB is responsible for providing guidance necessary to implement IPIA.

IPIA requires agencies with programs that have a significant risk of erroneous payments to:

- estimate the amount of erroneous payments annually
- report the estimates to the President and Congress
- provide a report of actions to reduce erroneous payments.

OMB guidance provides that:

- significant erroneous payments are annual erroneous payments in a program estimated to exceed both 2.5 percent of the total program payment amount and \$10 million; however, OMB may determine on a case-by-case basis certain programs **not** meeting the threshold requirements to be subject to the annual reporting requirements
- if an agency is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, the payment **must** be considered an error.

Note: Payments made with insufficient or lack of documentation on file may be properly made if certain corrective actions are taken (see paragraph 10).

FSA has determined that using COR’s to conduct IPIA reviews is the most reliable and efficient method to comply with IPIA requirements; therefore, COR’s will be used to conduct the FY 2009 IPIA reviews.

Disposal Date	Distribution
June 1, 2009	State Offices; State Offices relay to CORP Coordinators and COR’s

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1 Overview (Continued)

B 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
- corrective action required when there is insufficient or lack of documentation on file at the time of payment to support a determination that the payment is properly made.

2 Statistical Sampling and Data Analysis

A Statistical Techniques

A complex, multi-stage, stratified-sampling methodology is used to randomly select both the County Offices and the payments in each County Office. The stratification process is used to control the variability in the sample and to strengthen the validity of the resulting statistical estimates.

B Use of Statistician

The sample design, selection of sample, and resulting statistical estimates are provided by an experienced survey statistician under contract with FSA.

3 Scope of Reviews

A IPIA

The scope of the IPIA reviews is limited to payments issued in FY 2008 (through August 31), for the following:

- Crop Disaster Program
- CRP – Annual
- CRP – Cost-Shares
- DCP
- Livestock Compensation Program
- marketing assistance loans (MAL's) (**only** loan disbursements)
- NAP.

Note: MAL's made to or by CMA's, DMA's, or LSA's will **not** be included.

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3 Scope of Reviews (Continued)

B General Internal Controls

Internal control functions relating to the general operation of the County Office, and **not** to specific payments, will be included for some of the reviews.

C Payment Verifications

COR's will verify whether the payments in the sample were properly made by ensuring that payments were issued:

- for the correct amount
- to the correct payee
- with all required supporting documentation on file
- after all basic program and producer eligibility requirements were met.

D Non-Payment Verifications

Because the reviews are incorporating some general internal control testing, COR's will verify whether specific required internal control functions are being performed by the County Office.

4 COR Assignments

A ORAS Shall Make Assignments

All COR's will be required to conduct reviews until **all** reviews are completed. To meet the deadline, ORAS shall make the initial COR assignments for reviews considering travel distances and expenses. Some COR's may be assigned to review County Offices outside their normal area. Every attempt will be made to assign COR's to the selected County Office nearest COR's official headquarters county.

ORAS will notify COR's and CORP coordinators of the review assignments by e-mail as soon as possible **after** the sample is selected.

Notes: If for some reason the ORAS assignment is **not** acceptable to either the COR or the State, the CORP coordinator shall immediately contact ORAS.

No substitution of County Offices within the selected sample is permitted.

B Priority

IPIA reviews shall take priority over **any** previously assigned review or assignment.

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4 COR Assignments (Continued)

C Travel Requirements and Costs

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

When COR's travel extends to States outside his/her normal expected travel distance, COR shall contact the State Office that he/she is traveling to and use that State Office's line of accounting to code his/her travel documents.

Example: If a COR from Alabama is traveling to Florida, COR **must** list Florida's line of accounting on the travel documents.

D Scheduling Reviews

COR shall work with CORP coordinators to schedule reviews. COR's traveling out of State may contact their assigned ORAS specialist to obtain the contact information of the applicable CORP coordinator.

5 Reporting Review Results

A State and County Operations Review Program (SCORP) Software and IPJA Web Application

Reportable findings shall be reported according to 1-COR, paragraph 110. COR's shall:

- document the review using SCORP software according to 1-COR, including making recommendations
- answer questionnaires about specific payments or County Office internal control functions using the ORAS/IPJA Web application.

B Using the ORAS IPJA Web Application

The instructions for accessing and answering questionnaires through the ORAS IPJA Web application will be provided to COR's under separate cover.

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 counties or payments selected for the FY 2009 IPJA reviews have been reviewed in the past; however, for IPJA review purposes, the sample **cannot** be changed.

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6 Modifications of Samples (Continued)

B Expanding Samples

Records to be reviewed will be provided to COR's. Samples shall **not** be expanded. If a COR discovers a payment **not** included in the selected payment sample as being improper, COR shall include the applicable findings and recommendations in the COR report; however, the payment shall be clearly identified as **not** part of the IPIA sample.

7 Timeframes

A When Will Reviews Be Conducted

ORAS expects reviews to begin no later than **November 3, 2008**.

All reviews shall be **completed and reports issued** no later than **March 13, 2009**.

B Length of Reviews

Based on IPIA reviews conducted last year, the average review took 7 workdays to complete.

C Corrective Action Plan (CAP) Approval

CAP shall be approved within 10 workdays of the report date.

D Corrective Actions

All corrective actions shall be completed within 30 workdays of the report date.

E Closing Reports

All closing reports **must** be submitted to ORAS no later than **April 27, 2009**, for the corrective actions to be considered in determining whether payments previously identified as improper will remain improper for IPIA reporting purposes.

Note: Procedure in 1-COR for submitting closing reports to SED's and ORAS shall be followed. However, for FY 2009 IPIA determinations, corrective actions reported in closing reports submitted **after** April 27, 2009, will **not** be considered when determining whether payment were properly made.

8 Completing IPIA Reviews

A Entrance Conference

The entrance conference shall **not** be delayed because CED's or DD's are **not** available. COR's shall hold the entrance conference the day they arrive onsite in the County Office with CED or acting CED.

Note: If CED is **not** available for the entrance conference, COR's shall meet with CED as soon as possible. If CED is **not** available during the entire review, **no** meeting with CED will be possible.

B Exit Conference

COR's shall exit the day the review of all applicable records is completed. If CED or DD is **not** available for the exit conference, COR shall meet with the acting CED. Any disputed findings may be resolved during the corrective action process.

Note: While conducting the review, COR's shall immediately notify CED's of any improper payments identified **as soon as found**. This provides CED's time to address the issues **before** the exit and, if applicable, begin appropriate corrective actions.

C Beginning Subsequent Reviews

Once an IPIA review has begun, COR's shall complete the review, hold the exit conference, and issue the report **before** starting the next IPIA review.

Exception: COR's may begin a second IPIA review **before** issuing the report on the first IPIA review if both the following conditions can be expected:

- the second review will be completed in within 2 workdays **after** the date of the first review's exit conference
- both reports can be issued no later than the third workday following the exit conference of the second review.

9 Policy and Procedure Questions

A Questions About CORP and IPIA Reviews

Contact ORAS on any questions relating to policies and procedures about conducting and documenting CORP and IPIA reviews.

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9 Policy and Procedure Questions (Continued)

B Questions Relating to Other Programs

COR's shall contact the applicable State Office program specialist on any questions about specific program policies and procedures.

Note: When conducting a review outside of their normally assigned State, COR's shall contact the program specialist for the applicable State.

COR's may contact ORAS if the State Office specialist **cannot** provide an adequate answer or is **not** available. When this occurs, ORAS will consult the applicable National Office program division for guidance.

10 Insufficient or Lack of Documentation to Support a Payment

A Completing Corrective Action

For corrective actions outlined in subparagraph B through G to be considered when determining whether a payment is proper for IPIA purposes, the corrective action **must** be completed within 30 workdays of the report date.

Exception: Extensions may be granted according to 1-COR; however, for FY 2009 IPIA review purposes, all corrective actions **must** be completed and received by ORAS on or before **April 27, 2009**, to be considered when determining whether a payment is proper for IPIA reporting purposes.

B Representative Signatures on Documents

A payment will **not** be considered improper because of the lack of authority of the person signing the document on behalf of the applicant or any other individual, entity, general partnership, or joint venture; however, if COC determined the individual signing the document knowingly or willfully falsified the evidence of signature authority or signature, the payment shall be considered improper.

If a representative signature on the document was accepted without proper signature authority on file, **1** of the following actions **must** be taken:

- County Office shall affirm signature by obtaining either the producer's signature on the applicable document or obtain documentation supporting the signature was valid at the time of payment
- COC shall review the document to determine whether the individual signing the document knowingly or willfully falsified the evidence of signature authority or the signature.

Note: The determination shall be documented in the COC minutes.

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10 Insufficient or Lack of Documentation to Support a Payment (Continued)

C Payment Documents with Missing Signatures

Payment Document: For IPJA review purposes, a payment document shall be the document authorizing the payment such as:

- contract
- loan note
- any application for payment.

In cases of a missing signature on the payment document, the payment may be considered proper if **all** the following conditions are met:

- missing signature is obtained

Note: A representative signature may be accepted if there is acceptable evidence of authority on file on the date the missing signature is obtained.

- COC determines that the following conditions are met:
 - participant is in compliance with all applicable program provisions
 - correct participant has received the correct payment
 - payment is **not** in dispute
 - there is evidence to support the application or contract was initiated timely
 - there is evidence to support the documentation was submitted to support the application or contract.

Note: The determination shall be documented in the COC minutes.

D Missing Payment Documents

The payment shall be considered improper if the payment document is **not** on file. If a copy of the original payment document is obtained:

- **before** the exit conference, COR shall consider the document on file and review the document as if it was the original
- **after** the exit and CED believes the document supports the payment as being properly made, a copy of the document shall be submitted to ORAS with the closing report.

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10 Insufficient or Lack of Documentation to Support a Payment (Continued)

E Missing Signatures on Non-Payment Documents

In all cases where there is a missing signature on a non-payment document, the payment may be considered proper if **all** the following conditions are met:

- missing signature is obtained

Note: A representative signature may be accepted if there is acceptable evidence of authority on file on the date the missing signature is obtained.

- all other information on the document supports that the payment was properly made.

Exception: See subparagraph G for missing signatures on FSA-578's and CCC-576's.

F Missing Non-Payment Documents or Other Required Evidence

County Office may obtain missing non-payment documents or other required evidence to show the payment was made properly provided the:

- obtained documents are reviewed by COC
- payment can be determined proper based on the information on obtained documents.

Note: The determination shall be documented in the COC minutes.

Exception: See subparagraph G for missing FSA-578's and CCC-576's.

G FSA-578's and CCC-576's

The following shall result in the applicable payment being considered improper unless an acceptable FSA-578 or CCC-576 can be obtained using the applicable late-filed procedures:

- missing FSA-578's or CCC-576
- FSA-578's or CCC-576's with missing signatures
- FSA-578's without the required acreage reported.

Note: Follow subparagraph B for unauthorized representative signatures on FSA-578.