

For: State and County Offices

**FY 2007 National CORP Review for Improper Payments for CRP**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**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 reviews enable FSA to have reliable and statistical data to discern the overall effectiveness of programs and determine whether adequate management controls are in place to conform with IPIA requirements. OMB defines an improper payment as any payment that should not have been issued or was issued in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include both overpayments and underpayments.

The number of errors found for administration of CRP has significantly decreased in comparison to the CORP reviews conducted for payments issued during FY 2005.

**B Purpose**

This notice:

- provides State and County Offices with:
  - a summary of FY 2007 CRP CORP findings
  - established policy and procedures handbook references for each CORP finding
- directs follow-up action within each State to ensure that all offices review the listed discovered errors and take any needed corrective action.

<b>Disposal Date</b>	<b>Distribution</b>
March 1, 2008 11-29-07	State Offices; State Offices relay to County Offices

**Notice CRP-575**

**1 Overview (Continued)**

**C Action**

SED's shall ensure that:

- applicable State Office division 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 where needed and implement CAP's to reduce improper payments
- DD's hold a meeting within their respective districts to review this notice with CED's and program technicians.

**2 CORP Findings for FY 2007**

**A Findings and Policy**

The following provides CORP findings and the policy reference for each finding.

<b>Finding</b>	<b>Policy</b>
<p>Payment amount is not correct.</p>	<p>For <b>general CRP</b> contract payments, County Offices shall determine the maximum payment rate (MPR) for the offer according to 2-CRP, paragraph 153. County Offices shall ensure that the correct 3 pre-dominate soils, soil rental rates, and maintenance rates are used to determine the rental rate for the offer. In addition, County Offices shall ensure that the participant's offered rental rate is entered into the system when calculating the contract annual rental payment according to 2-CRP, subparagraph 195 D. (See CRP-2, block 9 and CRP-1, block 10A.)</p> <p>For <b>continuous CRP and CREP</b> contract payments, County Offices shall determine MPR for the offer according to 2-CRP, paragraphs 124 and 153 for both cropland and marginal pastureland rental rate calculations. Before CRP-1 is completed, the County Office shall inform the participant of the calculated per acre MPR for the eligible acreage being offered on CRP-2C. County Offices shall ensure that the participant's offered rental rate is entered into the system correctly from CRP-2C, block 9. County Offices shall ensure that incentives are calculated according to 2-CRP, paragraph 125.</p> <p>For <b>CRP cost-share</b> payments, County Offices shall ensure that the provisions of 2-CRP, Part 20 are followed.</p>

## Notice CRP-575

### 2 CORP Findings for FY 2007 (Continued)

#### A Findings and Policy (Continued)

Finding	Policy
Performance is not certified on AD-862.	According to 2-CRP, paragraph 474 and 1-CONSV, paragraph 195, to be eligible for C/S payments, "persons" who perform approved practices must report performance on AD-245 or AD-862.
Late payment interest was not paid.	County Offices shall ensure late payment interest is applied to debts arising under CRP according to 2-CRP, subparagraph 377 B and 58-FI, paragraph 150.
Compliance is not certified on FSA-578 or CRP-817U.	According to 2-CRP, paragraph 404, before a CRP annual rental payment is issued, a certification of compliance shall be filed on either FSA-578 or CRP-817U.
Not all required signatures were obtained on CRP-1.	According to 2-CRP, paragraph 198, all owners, operators, and tenants who have an interest in the acreage being offered must sign CRP-1, including owners with zero shares in CRP annual rental payments. Each person who signs CRP-1 for a share greater than zero has entered into a 10- through 15-year binding agreement with CCC for the duration of the contract.
Conservation Plan of Operations (CPO) lacks sufficient information to support payment.	According to 2-CRP, subparagraph 405 D, NRCS will, as appropriate, participate in State-level technical determinations and policy reviews, such as evaluating soil payment rates, C/S policies, and other requirements. COC must review CPO before approving CRP-1 to ensure that it meets practice standards.
No CRP-1 on file.	According to 2-CRP, paragraph 253, before approving CRP-1's, County Offices shall ensure that a separate CRP-1 is completed and on file.
Total cost-share for practice not approved on AD-245.	According to 2-CRP, paragraph 461 and 1-CONSV, paragraph 195, when CRP-1 is approved, the practices scheduled on the approved conservation plan are automatically approved. By approving CRP-1, COC is obligating funds for completing the practices.
Performance not certified on AD-245.	According to 2-CRP, paragraph 472, to be eligible for C/S payments, "persons" who perform approved practices must report performance on AD-245.
No average gross income (AGI) certification on file.	All producers must provide a certification of average AGI according to 1-PL. For CRP, certifications of average AGI are binding for the life of CRP-1.
No CCC-502 on file.	According to 2-CRP, paragraph 496, a CRP payment cannot be made until CCC-502 has been completed and signed.
Applicable payment reduction not made.	<p>According to 2-CRP, subparagraph 405 D, participants shall be assessed a payment reductions on the acres in violation not to exceed the annual rental payment for CRP-1.</p> <p>According to 2-CRP, subparagraph 294 A, participants shall be assessed a payment reduction on the acres actually hayed or grazed for managed haying and grazing provisions, not to exceed the annual rental payment for CRP-1.</p> <p>According to 2-CRP, subparagraph 310 A, participants shall be assessed a payment reduction on the acres actually hayed or grazed for emergency haying and grazing provisions, not to exceed the annual rental payment for CRP-1.</p>