

**For:** State and County Offices

**FY 2008 National County Operations Review Program (CORP)  
Review for Improper Payments for CRP**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

The Improper Payments Information Act (IPIA) of 2002 requires Federal agencies to annually review 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 error rate for CRP increased compared to the 2007 IPIA error rate although the overall financial exposure remains relatively low.

**B Purpose**

This notice:

- provides State and County Offices with:
  - a summary of FY 2008 CRP CORP findings
  - established policy and procedures handbook references for each CORP finding
- directs follow-up action within each State Office to ensure that all offices review the listed discovered errors and take any needed corrective action.

<b>Disposal Date</b>	<b>Distribution</b>
May 1, 2009	State Offices; State Offices relay to County Offices

**Notice CRP-617**

**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 2008**

**A Findings and Policy**

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

<b>Finding</b>	<b>Policy</b>
Properly completed Conservation Plan of Operations (CPO) received after payment was made.	An approved conservation plan is required before CRP-1 can be approved by COC. See 2-CRP (Rev. 4), paragraphs 236, 253, and 255.
Compliance certified after payment was made.	According to 2-CRP (Rev. 4), paragraph 404, <b>before</b> CRP annual rental payments are issued, a certification of compliance shall be filed on either FSA-578 or CRP-817U by the owner on the CRP-1, operator on the CRP-1, or person authorized by power of attorney.
AD-1026 received after the payment was made.	Before CRP annual rental payments are issued <b>a current</b> AD-1026 shall be on file for all participants earning CRP benefits according to 2-CRP (Rev. 4), paragraphs 125, 372, 404, and 496.
AD-1026 for affiliated person received after payment was made.	Before CRP annual rental payments are issued <b>a current</b> AD-1026 shall be on file for all participants earning CRP benefits according to 2-CRP (Rev. 4), paragraph 404 and 6-CP, paragraph 401.
CCC-502 received after payment was made.	Before CRP annual rental payments are issued applicable payment limitation forms shall be on file for all participants earning CRP benefits according to 2-CRP (Rev. 4), paragraph 404.

**Notice CRP-617**

**2 CORP Findings for FY 2008 (Continued)**

**A Findings and Policy (Continued)**

<b>Finding</b>	<b>Policy</b>
Contract signature (other than payee) was missing or by unauthorized person.	County Offices shall verify that a signature authority is on file in the County Office before accepting a signature on any program or related documents on behalf of another according to 1-CM (Rev. 3) subparagraph 708 A.
AGI certification received after payment was made.	CRP payments shall be made after certification of compliance with adjusted gross income limitation has been received according to 1-PL. See 2-CRP (Rev. 4), subparagraph 372 B.
CRP-1 approved after payment was made.	Make CRP PIP, SIP, CP23, CP23A, CP37 and annual rental payments to participants after CRP-1 is approved. See 2-CRP (Rev. 4) paragraph 125 and 372.
CCC-770 Eligibility not completed properly.	CCC-770 Eligibility must be completed for every producer who requests a payment or members of entities who are required to meet payment eligibility according to 3-PL, paragraph 3.
Total cost-share approved after payment was made.	According to 2-CRP (Rev. 4), paragraph 496, CRP C/S payments shall be paid as soon as possible after <b>all</b> of the following have been completed: <ul style="list-style-type: none"> <li>• COC approves CRP-1</li> <li>• producer signs AD-245, page 2 and reports completion of the practice</li> <li>• NRCS or TSP certifies performance</li> <li>• AD-1026 has been completed and signed</li> <li>• CCC-502 has been completed and signed</li> <li>• compliance with 1-PL</li> <li>• CCC-770-CRP2 (Exhibit 26), items 1 through 11B.</li> </ul>
Producer certified performance on AD-245 after payment was made.	According to 2-CRP (Rev. 4), paragraphs 472, 474, 496, and 1-CONSV, subparagraph 194 A and Exhibit 15, producers must certify performance on AD-245, Page 2, before cost-share payments are issued.
Contract not signed by payee. Missing signature obtained.	CRP-1 must be signed and dated by all required signatories before COC may approve CRP-1 according to 2-CRP (Rev. 4), subparagraph 137 C.
Producer certified performance on AD-862 after payment was made.	According to 2-CRP (Rev. 4), paragraphs 474, 475, 496, and 1-CONSV, subparagraph 194 A, producer must report completion of the practice before cost-share payments are issued.

**Notice CRP-617**

**2 CORP Findings for FY 2008 (Continued)**

**A Findings and Policy (Continued)**

<b>Finding</b>	<b>Policy</b>
<p>Payment amount is incorrect for reasons other than payee share.</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 (Rev. 4), 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 (Rev. 4), 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 (Rev. 4), 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 (Rev. 4), paragraph 125.</p> <p>For <b>CRP cost-share</b> payments, County Offices shall ensure that the provisions of 2-CRP (Rev. 4), Part 20 are followed.</p>
<p>CRP-1 is not on file.</p>	<p>According to 2-CRP (Rev. 4), paragraph 253, before approving CRP-1's, County Offices shall ensure that a separate CRP-1 is completed and on file.</p>
<p>Problem with CPO.</p>	<p>According to 2-CRP (Rev. 4), paragraph 236 an approved conservation plan is required before CRP-1 can be approved. NRCS or TSP <b>must</b> complete a field visit, if necessary, before approving a conservation plan.</p>

**Notice CRP-617**

**2 CORP Findings for FY 2008 (Continued)**

**A Findings and Policy (Continued)**

<b>Finding</b>	<b>Policy</b>
Extent performed is recorded after payment was made.	<p>According to 2-CRP (Rev. 4), paragraph 496, CRP C/S payments shall be paid as soon as possible after <b>all</b> of the following have been completed:</p> <ul style="list-style-type: none"> <li>• COC approves CRP-1</li> <li>• producer signs AD-245, page 2 and reports completion of the practice</li> <li>• NRCS or TSP certifies performance</li> <li>• AD-1026 has been completed and signed</li> <li>• CCC-502 has been completed and signed</li> <li>• compliance with 1-PL</li> <li>• CCC-770-CRP2 (Exhibit 26), items 1 through 11B.</li> </ul>
Compliance is not certified.	According to 2-CRP (Rev. 4), paragraph 404, before a CRP annual rental payment is issued, a certification of compliance shall be filed on either FSA-578 or CRP-817U.
Signatures other than payee not obtain on CRP-1.	According to 2-CRP (Rev. 4), 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.
Problem with AD-1026.	Importance of accurate AD-1026 certification according to 6-CP (Rev. 3), paragraph 400.
Payment made to incorrect payee or payee's share is incorrect.	Participants will determine shares. COC shall approve shares provided they are not designed to circumvent other program regulations. Payment shares are not required to be commensurate with previous CRP annual rental payments or interests on other contracts or agreements in the County Office. See 2-CRP (Rev. 4), subparagraphs 82 D, 125 B, 372 D, 372 E, and 373 A.
CRP-1 is not signed by payee or payee's representative.	All owners, operators, and tenants who have an interest in the acreage being offered must sign CRP-1, including owners with zero share in CRP annual rental payments according to 2-CRP (Rev. 4), paragraph 198.

**Notice CRP-617**

**2 CORP Findings for FY 2008 (Continued)**

**A Findings and Policy (Continued)**

<b>Finding</b>	<b>Policy</b>
Total cost-share is not approved on AD-245.	According to 2-CRP (Rev. 4), 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.
Problem with CCC-502.	According to 2-CRP (Rev. 4), paragraph 496, a CRP payment cannot be made until CCC-502 has been completed and signed.
Extent performed is not recorded on AD-245.	According to 2-CRP (Rev. 4), paragraph 472, to be eligible for C/S payments, "persons" who perform approved practices must report performance on AD-245, Page 2.
AD-1026 for affiliated person in not on file.	<b>Who Must File AD-1026</b>  AD-1026 certification is required for each producer who requests benefits under a program covered by HELC and WC provisions and their affiliates with farming interests according to 6-CP (Rev. 3), paragraphs 401 and 402.
Land does not meet CRP eligibility.	Land must meet CRP eligibility requirements according to 2-CRP (Rev. 4), paragraphs 97 and 112.
AGI certification is not 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.
Late payment interest not paid.	According to 2-CRP (Rev. 4), subparagraph 472 F, CRP participants who are issued CRP payments more than 30 calendar days after payments are authorized shall receive interest under the Prompt Payment Act according to 61-FI. See 50-FI for prompt payment interest rates.
Incorrect late payment interest paid.	61-FI, Exhibit 5 provides instructions for manually calculating interest penalties.  61-FI, Exhibit 6 provides instructions for calculating the amount of prompt payment interest due using the System 36's Calculate Interest Penalty.