

For: State and County Offices

FY 2011 National CORP Review for Improper Payments for CRP

Approved by: Acting Deputy Administrator, Farm Programs



1 CORP Findings for FY 2011

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 to 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 2011 IPIA for CRP increased slightly compared to the 2010 IPIA error rate.

During the FY 2011 CORP review, the CRP error rate was 1.77 percent, up from 1.15 percent for the FY 2010 review.

Program	Year	Error Rate
CRP	2010	1.15 percent
	2011	1.77 percent

B Purpose

This notice:

- is being issued as part of FSA’s corrective action plan (CAP) as required under IPIA
- informs State and County Office employees of CORP findings about CRP

Disposal Date	Distribution
February 1, 2012	State Offices; State Offices relay to County Offices

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1 CORP Findings for FY 2011 (Continued)

B Purpose (Continued)

- directs followup action within each State to ensure that all offices review the listed discovered errors and take any needed corrective action.

C Action

SED's shall ensure that:

- applicable State Office division chiefs and specialists review this notice in detail to develop 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 review this notice with CED's and PT's within their respective districts.

D Findings and Policy

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

Finding	Policy
CRP-1 is not on file.	According to 2-CRP, paragraph 401, before approving CRP-1's, County Offices shall ensure that a separate CRP-1 is completed and on file for each CRP-2, CRP-2C, or practices with different lifespans.
Conservation Plan is not on file.	An approved conservation plan is required before CRP-1 can be approved. See 2-CRP, subparagraph 366 B.
Applicable payment reduction is not made.	For each applicable year the CRP participant hayed or grazed eligible CRP acreage, the CRP-1 annual rental payment shall be reduced by the number of acres actually hayed or grazed, times the CRP per acre annual rental payment, times 25 percent. See 2-CRP, paragraphs 666, 681, 694, and 717.
Payment 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, subparagraphs 126 E, 197 A, 197 B, 462 D, 462 E, and 463 A.
Contract is not signed by payee.	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, paragraph 335.
Payment acres are incorrect.	Correct erroneous acre determinations according to 2-CRP, subparagraph 546 B.

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1 CORP Findings for FY 2011 (Continued)

D Findings and Policy (Continued)

Finding	Policy
Compliance certified after payment was made.	According to 2-CRP, paragraph 602, before CRP annual rental payments are issued, a certification of compliance shall be filed on either FSA-578 or CRP-817U by the owner on CRP-1, operator on CRP-1, or person authorized by power of attorney.
Rental rate is incorrect.	For general CRP contract payments, County Offices shall determine the maximum payment rate (MPR) for the offer according to 2-CRP, paragraph 101. County Offices shall ensure that the correct 3 predominant soils and SRR's are used to determine the rental rate for the offer. For continuous CRP and CREP contract payments, County Offices shall determine MPR for the offer according to 2-CRP, paragraphs 101 and 196 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 incentives are calculated according to 2-CRP, paragraph 196.
AGI certification was received after the payment was made.	For CRP, certifications of average AGI are binding for the life of CRP-1. CCC-526 or CCC-926, as applicable, must be filed before CRP-1 is approved. AGI determinations for CRP is for the contract period. See 2-CRP, subparagraph 131 C.
AD-1026 for affiliated persons was received after the payment was made.	Before CRP annual rental payments are issued, a current AD-1026 shall be on file for all participants earning CRP benefits before CRP annual rental payments are issued. See 2-CRP, paragraph 602 and 6-CP, paragraph 401.
AD-1026 for payee was received after the payment was made.	Before CRP annual rental payments are issued, a current AD-1026 shall be on file for all participants earning CRP benefits before CRP annual rental payments are issued. See 2-CRP, paragraphs 602 and 197, 462, and 519.
Farm Operating Plan was received after the payment was made.	CRP annual rental payments, CRP-SIP, PIP, CP23 one-time WRI payment for CRP-1's approved before November 3, 2008, and C/S payments shall be made after certification of compliance according to 1-PL or 4-PL.
Contract was approved after the payment was made.	Make CRP practice incentive payments; CRP-SIP's; and CP23, CP23A, CP37, and annual rental payments to participants after CRP-1 is approved. See 2-CRP, paragraphs 197 and 462.
Signatures, other than payee, not obtained on contract.	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, paragraph 335.
Conservation Plan, in addition to missing 1 or more required signatures, does not include other required information.	Before approving CRP-1's, COC, or designee, shall review and approve the plan to ensure that it has been signed and agreed to by: <ul style="list-style-type: none"> • all signatories to CRP-1 • NRCS or Technical Service Provider • Conservation District • CED. CED shall reject the plan if these requirements have not been satisfied. See 2-CRP, paragraph 366.