

For: State and County Offices

FY 2007 National CORP Review for Improper Payments for Miscellaneous Disaster Programs

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 CORP review of miscellaneous disaster programs (disaster programs) was based on 2006 fiscal year payment data for 13 disaster programs identified in subparagraph 2 A. The number of errors found for administration of disaster programs has significantly decreased in comparison to the CORP reviews conducted for payments issued during FY 2005.

B Purpose

This notice:

- is being issued as part of FSA’s corrective action plan as required under IPIA
- informs State and County Offices of the CORP findings related to disaster programs
- directs follow-up action within each State to ensure that all offices review the listed discovered errors and take any needed corrective action.

Disposal Date	Distribution
March 1, 2008	State Offices; State Offices relay to County Offices

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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 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 Statistical Sample

The following disaster programs were sampled for the FY 2007 national CORP review for improper payments:

- Crop Disaster Program
- Livestock Assistance Program
- Crop Disaster Program – Virginia
- Tree Assistance Program – Orchard
- Hurricane Indemnity Program
- Nursery Disaster – Florida
- Feed Indemnity Program – Hurricane
- Feed Program – American Indian
- Citrus Disaster – Florida
- Tree Assistance Program – Timber
- Vegetable Disaster – Florida
- Tree Assistance Program – Pecan Producers
- Tree Indemnity Program - Hurricane.

B CORP Findings for Disaster Programs

Exhibit 1 provides CORP findings for disaster programs.

Note: Several of the disaster programs included in the FY 06 statistical sample are now closed. Therefore, Exhibit 1 provides procedure references for the 3 current disaster programs.

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Exhibit 1

Program Area	Description of Finding	Procedure References		
		CDP	LCP	LIP
Application	Information on disaster application does not support payment.	5-DAP (Rev. 2)	4-DAP (Rev. 2), Part 4	4-DAP (Rev. 2), Part 2
	Payee or payee’s representative (authorized or not) did not sign disaster application.	5-DAP (Rev. 2), subparagraph 241 A, item 54A	4-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 180 C subparagraph 182 B, item 22A Exhibit 18, paragraph I, item 6 	4-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 71 C subparagraph 73 B, item 19A Exhibit 11, paragraph I, item 6
	Disaster application is signed on behalf of payee without signature authority on file.	1-CM, paragraph 707	<ul style="list-style-type: none"> 1-CM, paragraph 707 4-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 180 C Exhibit 18, paragraph I, item 7 	<ul style="list-style-type: none"> 1-CM, paragraph 707 4-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 71 C Exhibit 11, paragraph I, item 7
	Disaster application is not approved for payment.	5-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 241 A, items 55C and 56C subparagraph 240 B 	4-DAP (Rev. 2): <ul style="list-style-type: none"> paragraph 181 subparagraph 182 B, item 23 Exhibit 18, paragraph I, item 17 	4-DAP (Rev. 2): <ul style="list-style-type: none"> paragraph 72 subparagraph 73 B, item 20 Exhibit 11, paragraph I, item 18
Required Documentation	Required documentation (other than application) has not been provided.	5-DAP (Rev. 2), subparagraph 240 A	4-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 180 F Exhibit 18, paragraph I, item 15 	4-DAP (Rev. 2): <ul style="list-style-type: none"> paragraphs 43 and 71 Exhibit 11, paragraph I, items 13 and 16
	Required acreage report is not on file	5-DAP (Rev. 2), paragraph 70	not applicable	not applicable

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Exhibit 1

Program Area	Description of Finding	Procedure References		
		CDP	LCP	LIP
Eligibility	AD-1026 is not on file for payee with sufficient information to allow a proper determination to be made.	<ul style="list-style-type: none"> 6-CP, paragraph 401 5-DAP (Rev. 2), paragraph 240 	<ul style="list-style-type: none"> 6-CP, paragraph 401 4-DAP (Rev. 2), subparagraph 180 F 	<ul style="list-style-type: none"> 6-CP, paragraph 401 4-DAP (Rev. 2), subparagraph 71 I
	AD-1026 is on file for each person affiliated with payee with sufficient information to allow a proper determination to be made.			
	Acceptable CCC-526(s) or other AGI certification(s) is not on file.	5-DAP (Rev. 2), subparagraph 240A	4-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 164 C Exhibit 18, paragraph I, item 15 	4-DAP (Rev. 2): <ul style="list-style-type: none"> subparagraph 44 C Exhibit 11, paragraph I, item 16
	The AGI certification(s) on file indicate(s) payee is ineligible for payment.	5-DAP (Rev. 2), paragraph 31	4-DAP (Rev. 2), subparagraph 165 C	4-DAP (Rev. 2), subparagraph 45 C
Payment	Payment amount is incorrect	5-DAP (Rev. 2), paragraph 472	4-DAP (Rev. 2), subparagraph 243 B	4-DAP (Rev. 2), subparagraph 243 B
	Late payment interest not paid.	61-FI, subparagraph 25 A	61-FI, subparagraph 25 A	61-FI, subparagraph 25 A
	Late payment interest paid incorrectly.	61-FI, subparagraph 25 D	61-FI, subparagraph 25 D	61-FI, subparagraph 25 D