

For: AL, AR, FL, LA, MS, NC, SC, TN, and TX State and County Offices

**FY 2008 National CORP Review for Improper Payments for
Hurricane Disaster Programs**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Improper Payments Information Act (IPIA) of 2002 requires Federal agencies to 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 made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments and underpayments."

The CORP hurricane disaster program review was based on 2007 FY payment data for 8 hurricane disaster programs identified in subparagraph 2 A. The majority of the payments for the hurricane disaster programs were issued in FY 2006. The payments subject to this review represented the tail-end of payments that were not issued until FY 2007.

B Purpose

This notice:

- is being issued as part of FSA’s corrective action plan (CAP) as required under IPIA
- informs State and County Offices of the CORP findings for hurricane 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, 2009	Above 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 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 2008

A Statistical Sample

The following hurricane disaster programs were sampled for the FY 2008 national CORP review for improper payments:

- Citrus Disaster Program
- Feed Indemnity Program
- Fruit and Vegetable Disaster Program
- Hurricane Indemnity Program
- Livestock Compensation Program (LCP)
- Livestock Indemnity Program (LIP)
- Nursery Disaster Program
- Tree Indemnity Program.

B CORP Findings for Disaster Programs

Subparagraph C provides CORP findings for LCP and LIP.

Note: The 8 hurricane disaster programs included in the FY 2007 statistical sample are now closed. However, after implementing the hurricane disaster programs, 2005-2007 LIP and LCP were implemented. Currently, 2005-2007 LIP and LCP payments are still being made. Therefore, subparagraph C provides procedure references for 2005-2007 LIP and LCP.

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2 CORP Findings for FY 2008 (Continued)

C CORP Review Findings for Hurricane Disaster Programs

Program Area	Description of Finding	Procedure References	
		LCP	LIP
Application	Payee signature on application by unauthorized person.	1-CM, paragraph 707.	1-CM, paragraph 707.
	Application not signed by payee or payee's representative.	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 180 C • subparagraph 182 A and B, item 22A • Exhibit 18, paragraph I, item 6. 	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 71 C • subparagraph 73 A and B, item 19A • Exhibit 11, paragraph I, item 6.
	Application signature (other than payee) was missing or by unauthorized person.	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 182 A and B, item 23 	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 73 A and B, item 20
	Other required signatures not obtained on application.	<ul style="list-style-type: none"> • Exhibit 18, paragraph I, items 16 and 17. 	<ul style="list-style-type: none"> • Exhibit 11, paragraph I, items 17 and 18.
	Application approved after payment was made.	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 243 B, step 1 • subparagraph 182 B, item 23 • Exhibit 18, paragraph I, items 16 and 17. 	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 243 B, step 1 • subparagraph 73 B, item 20 and 22 • Exhibit 11, paragraph I, items 17 and 18.
	Application is not approved.		
	Application is not on file.	4-DAP (Rev. 2), paragraph 180.	4-DAP (Rev. 2), paragraph 71.
	Information on application lacks sufficient information to support payment.	4-DAP (Rev. 2), Part 4.	4-DAP (Rev. 2), Part 2.

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2 CORP Findings for FY 2008 (Continued)

C CORP Review Findings for Hurricane Disaster Programs (Continued)

Program Area	Description of Finding	Procedure References	
		LCP	LIP
Application (Continued)	Producer share is incorrect.	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraphs 182 A and B, item 13 • paragraph 206. 	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraphs 73 A and B, item 16 • paragraph 107.
CCC-770 Eligibility	CCC-770 Eligibility not completed properly.	<ul style="list-style-type: none"> • 3-PL, paragraph 3 • 4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 165 C • Exhibit 18. 	<ul style="list-style-type: none"> • 3-PL, paragraph 3 • 4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 45 C • Exhibit 11.
	CCC-770 Eligibility has 1 or more questions not answered and not signed by preparer.	<ul style="list-style-type: none"> • 3-PL, paragraph 3 • 4-DAP (Rev. 2), Exhibit 18, paragraph A. 	<ul style="list-style-type: none"> • 3-PL, paragraph 3 • 4-DAP (Rev. 2), Exhibit 11, paragraph A.
Producer Eligibility	AGI certification received after payment was made.	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 180 F • subparagraph 243 B, step 4. 	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 71 I • subparagraph 243 B, step 4.
	CCC-502 received after payment was made.	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 180 F • Exhibit 18, paragraphs H and I, item 15. 	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 71 I • Exhibit 11, paragraphs H and I, item 16.

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2 CORP Findings for FY 2008 (Continued)

C CORP Review Findings for Hurricane Disaster Programs (Continued)

Program Area	Description of Finding	Procedure References	
		LCP	LIP
Producer Eligibility (Continued)	AD-1026 for affiliated person received after payment was made.	<ul style="list-style-type: none"> • 6-CP, paragraph 401 • 4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 165 D 	<ul style="list-style-type: none"> • 6-CP, paragraph 401 • 4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 45 D
	AD-1026 received after payment was made.	<ul style="list-style-type: none"> • subparagraph 180 F • subparagraph 243 B, item 2 • Exhibit 18, paragraphs H and I, item 15. 	<ul style="list-style-type: none"> • subparagraph 71 I • subparagraph 243 B, item 2 • Exhibit 11, paragraphs H and I, item 16.
	Required documentation (other than application) was not provided.	4-DAP (Rev. 2): <ul style="list-style-type: none"> • subparagraph 180 F • Exhibit 18, paragraphs H and I, item 15. 	4-DAP (Rev. 2): <ul style="list-style-type: none"> • paragraphs 71 I • Exhibit 11, paragraphs H and I, items 13 and 16.
Payments	Information to support payment was obtained after payment was made.	4-DAP (Rev. 2), subparagraph 180 F.	4-DAP (Rev. 2), subparagraph 71 I.
	Payment amount is incorrect for reasons other than payee share.	4-DAP (Rev. 2), subparagraph 243 B.	4-DAP (Rev. 2), subparagraph 243 B.
	Late payment interest not paid.	61-FI, subparagraph 25 D.	61-FI, subparagraph 25 D.