

For: State and County Offices

FY 2009 National CORP Review for Improper Payments for Disaster Programs

Approved by: Deputy Administrator, Farm Program



1 **Overview**

A Background

The Improper Payments Information Act (IPIA) of 2002 requires Federal agencies with programs that have a significant risk of erroneous payments to:

- estimate the amount of erroneous payments annually
- report the estimates to the President and Congress
- provide a report of actions to reduce erroneous payments.

Under the direction of the Operations Review and Analysis Staff (ORAS), COR’s conduct a National IPIA review each year to evaluate programs which have been identified as susceptible to significant risk of erroneous 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. An improper payment, as defined by OMB, is any payment that should **not** have been issued or was issued for an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include both overpayments and underpayments.

A statistical sample of FY 2008 CDP and LCP payments was examined during the FY 2009 National IPIA Review. The review results indicate that internal control deficiencies still exist. However, the estimated error rate for Disaster Programs was significantly reduced from the FY 2008 review cycle. FSA’s National IPIA Review results and corrective action plans are included in the FY 2009 USDA Performance and Accountability Report, Appendix B “Improper Payment and Recovery Auditing Details,” accessible online at: <http://www.ocfo.usda.gov/usdarpt/usdarpt.htm>.

Disposal Date	Distribution
October 1, 2010	State Offices; State Offices relay to County Offices

Notice DAP-323

1 Overview (Continued)

B Purpose

This notice:

- is being issued as part of the Agency's corrective action plan for reducing improper payments as required under IPIA
- informs State and County Offices of CORP findings discovered for 2005 through 2007 CDP and 2005 through 2007 LCP
- directs follow-up action within each State to ensure that all offices review the findings shown in paragraph 2 and take corrective action as needed.

2 FY 2009 CORP Review Findings

A 2005 Through 2007 CDP Identified Findings

The total improper payment rate and dollar amount reported under IPIA for CDP were based on the following CORP findings.

Program Area	Description of Findings	Procedure Reference
Producer Eligibility	Acreage report is not on file.	5-DAP, subparagraph 70 A.
2005 through 2007 CDP Application	Information reported on FSA-840 lacks sufficient information to support payment.	5-DAP, subparagraph 240 C.
Payment Calculation	Calculated payment amount is incorrect.	5-DAP, paragraphs 242, 244, and 246.
	Unit of measure used to calculate payment is incorrect.	5-DAP, subparagraph 51 A.
	Payee's share is incorrect.	5-DAP, subparagraphs 132 D, and 240 C, item 35.
	Payee is either ineligible or payment was incorrectly limited.	5-DAP, paragraphs 34 and 72.
	Duplicate benefit reduction amount is incorrect.	5-DAP, subparagraphs 3 A and 7 F, and paragraph 37.

Notice DAP-323

2 FY 2009 CORP Review Findings (Continued)

B 2005 Through 2007 LCP Identified Findings

The total improper payment rate and dollar amount reported under IPIA for LCP were based on the following CORP findings.

Program Area	Description of Findings	Procedure Reference
2005 through 2007 LCP Application	FSA-901 was not approved.	4-DAP, subparagraphs 181 A and 182 A, Part F.
Payment Calculation	Payee's share is incorrect.	4-DAP, subparagraph 182 A, item 13.
	Feed loss value is incorrect.	4-DAP, paragraph 166, and subparagraphs 162 F and 182 A, item 21.
	Livestock value is incorrect.	4-DAP, subparagraphs 162 B and 182 A, item 12.
	Payee is either ineligible or payment was incorrectly limited.	4-DAP, subparagraphs 164 B and C.
	Duplicate benefit reduction amount was incorrect.	4-DAP, subparagraphs 164 E, and 182 A, item 20.
	Duplicate benefit reduction was not made.	4-DAP, subparagraph 164 E.

C Action

SED's shall ensure that:

- applicable State Office program chiefs and specialists review this notice in detail to determine program compliance weaknesses
- Corrective Action Plans (CAP's) are developed 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 and improve the integrity of program payments
- applicable State Office program areas provide additional program training where needed and implement CAP's to address the identified findings
- DD's review this notice with CED's and program technicians within their respective districts to become knowledgeable of findings which cause improper payments.