

For: State and County Offices

Peanut Quota Buyout Program (QBOP) OIG Audit Findings and Corrective Action

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

An OIG audit was conducted of QBOP, in 4 County Offices in Florida and Georgia, to determine if the correct persons were paid QBOP payments. The objective of the audit was to evaluate FSA’s controls for ensuring QBOP payments were made to eligible quota holders. Eligible quota holders were persons who owned a farm or tract as of May 13, 2002, and had a 2001 quota.

The audit concentrated on persons who were paid a QBOP payment, who were not the owners of record (owners of record reflected in FSA’s automated farm records maintenance system as of May 13, 2002), to determine if the FSA County Office obtained adequate documentation to support paying such a person.

B Purpose

This notice advises State and County Offices of the required:

- QBOP County Office reviews that must be performed in County Offices that issued QBOP payments and were not audited by OIG
- action that must be taken when the County Office review provides that adequate documentation was not obtained to support paying a person other than the owner of record
- certification of review that must be completed by the State and County Offices.

Disposal Date	Distribution
January 1, 2004 9-8-03	State Offices; State Offices relay to County Offices

Notice DCP-91

2 **OIG Audit**

A Audit Findings

The OIG Audit Report provided the following findings, in the 4 County Offices selected for review, with respect to FSA's controls for ensuring QBOP payments were made to eligible quota holders:

- 1,365 payments, totaling approximately \$9 million, were made to parties other than the owners of record reflected in FSA's automated farm records maintenance system as of May 13, 2002
- out of the 1,365 payments made to parties other than the owner of record, 102 payments, totaling approximately \$4.5 million, were generally found to have been made to eligible quota holders in conformance with program requirements
- out of the 102 payments tested, OIG questioned 4 payments totaling \$152,535, made by 3 County Offices because the payees could not provide sufficient proof of ownership
- 1 County Office generally did not obtain sufficient documentation to support payments to parties other than the owners of record.

B OIG Recommendation

OIG recommended that the National Office instruct State Offices to require County Offices to review and certify that they have adequate documentation that QBOP payees were eligible quota holders.

Notice DCP-91

3 Reviewing and Certifying QBOP Records

A County Office Action

County Offices must review QBOP payments to persons who were not the owners of record, to determine if adequate documentation was obtained to support paying such person. To complete the required review and certification, County Offices shall:

- reprint Report MPAA14-R001, according to Notice DCP-25, paragraph 5 and 1-DCP, subparagraph 528 B
- compare the reprinted report to the original report noting differences in change of owners of record
- review 8 percent of such eligible quota holders to determine that sufficient documentation is on file to support QBOP payments were issued to eligible quota holders
- obtain sufficient documentation or proceed with collection of QBOP payment according to 58-FI if sufficient documentation is not on file to support the QBOP payment issued
- certify to the State Office that the review has been completed and that adequate documentation is on file to support payments made to persons other than owners of record
- FAX certification of completed review to the State Offices no later than September 15, 2003.

B State Office Action

State Offices shall:

- ensure all QBOP counties complete review and have adequate documentation to support payments issued to persons that were not the owners of record
- ensure all QBOP counties certify that the review has been completed and adequate documentation is on file
- certify to DAFP that counties completed the review and have adequate documentation to support payments to persons that were not the owners of record
- ensure that County Offices proceed with collecting applicable erroneous payments
- FAX State Office certifications to DAFP, Attn: Eloise Taylor, at 202-720-0051, no later than September 22, 2003.