

UNITED STATES DEPARTMENT OF AGRICULTUREFarm Service Agency
Washington, DC 20250**Notice IA-10****For:** State and County Offices**FY 2023 National Payment Integrity Reviews for DAFP Programs****Approved by:** Acting Deputy Administrator, Farm Programs**1 Overview****A Background**

The Payment Integrity Information Act of 2019 (PIIA) requires Federal agencies to evaluate programs to determine whether internal controls are sufficient to prevent issuing improper payments. Improper payments are defined in 1-IA.

The following dollar values represent the estimated improper payments for FY 2022 based upon the findings in the sampling. They include overpayments and underpayments. The FY 2023 improper payment rates increased from FY 2022 for some programs within DAFP. Although there were other programs within DAFP that decreased from what was identified during FY 2022 reviews, some administrative errors still occurred. The following table provides total improper payment amounts and the national error rates.

Program	Improper Payment Amount	2023 Error Rate	2022 Error Rate
ARC/PLC	\$189,128,961	8.60%	6.02%
ECP	\$34,373,785	40.41%	29.17%
LFP	\$168,547,365	13.66%	9.30%
NAP	\$25,098,525	10.46%	9.47%

Disposal Date

March 1, 2025

3-28-24

Distribution

State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose

This notice:

- is issued as part of FSA's development, monitoring, and close-out actions for FY 2023 corrective actions as required under PIIA
- informs State and County Offices about Payment Integrity Review findings for:
 - Agriculture Risk Coverage and Price Loss Coverage Program (ARC/PLC)
 - Emergency Conservation Program (ECP)
 - Livestock Forage Disaster Program (LFP)
 - Noninsured Crop Disaster Assistance Program (NAP)
- directs follow-up actions within each State and County Office to ensure that all offices review errors and complete corrective actions according to policy
- emphasizes using the CCC-770 program checklist, if applicable or required by program area, to:
 - ensure that DD's or delegated State representatives confirm payment eligibility and payment documentation are reviewed and correctly documented
 - help address deficiencies identified by a review or spot check to ensure that policy and procedure are being followed **before** issuing program payments, irrespective of program requirements.

C Contact

Request assistance according to the following table.

IF the program is...	THEN contact...
ARC/PLC	Jamie Garriott by e-mail to jamie.garriott@usda.gov .
ECP	Shanita Landon by e-mail to shanita.landon@usda.gov .
LFP	Kelly Breinig by e-mail to kelly.breinig@usda.gov .
NAP	Lew Jenkins by e-mail to lew.jenkins@usda.gov .

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2 FY 2023 Compliance Actions for State and County Offices

A CED Actions

For FY 2023 corrective actions, CED's must ensure the following:

- a corrective action plan (CAP) is being developed in coordination with DD and State program specialist based on findings and corrective actions in their county that describes:
 - the corrective action taken to address each deficiency finding, such as pursuing collection, requesting relief, issuing additional payments, or determining errors that did not result in an improper payment.

Note: Receivables **must** be established for all overpayments, even if relief is requested.

- protections or mitigation strategies that will be implemented to prevent future errors.
- corrective actions are:
 - monitored
 - reported monthly to the DD until completion.

B DD Actions

For FY 2023 corrective actions, DD's must ensure the following:

- CAP is developed in coordination with CED and State program specialist based on findings and corrective actions in each county that describes:
 - the corrective action taken to address each deficiency finding, such as pursuing collection, requesting relief, issuing additional payments, or determining errors that did not result in an improper payment.

Note: Receivables must be established for all overpayments, even if relief is requested.

- protections or mitigation strategies that will be implemented to prevent future errors.
- corrective actions are:
 - monitored
 - reported monthly to the State program specialist until completion.

2 FY 2023 Compliance Actions for State and County Offices (Continued)

C State Program Specialist Actions

For FY 2023 corrective actions, State program specialists must ensure the following:

- CAP is developed in coordination with CED's and DD's based on findings and corrective actions within the State that describes:
 - the corrective action taken to address each deficiency finding, such as pursuing collection, requesting relief, issuing additional payments, or determining errors that did not result in an improper payment
- **Note:** Receivables **must** be established for all overpayments, even if relief is requested.
- protections or mitigation strategies that will be implemented to prevent future errors
- CAP status is uploaded to the FSA FY 2023 Corrective Action Plans Spreadsheet within the State folder on the [FSA Payment Integrity Testing SharePoint](#) site.

State Reports

State program specialists can access State Reports by using the quick links on the left side of the homepage.



The State Reports Library contains individual State folders with FY 2021, FY 2022, and FY 2023 audit finding PDF's and CAP spreadsheet files.

Access to each State folder is limited to State Office personnel (SED, State Review Coordinator (SRC), Administrative Officer/Executive Officer, Program Chiefs, Program Specialists, and District Directors) identified in the read-only [Points of Contact \(POC\) List](#) on the FSA Payment Integrity Testing SharePoint homepage.

To make changes to personnel, SRC will follow the POC update instructions on the FSA Payment Integrity Testing SharePoint homepage or contact Stephanie Hanson by e-mail to stephanie.hanson@usda.gov.

2 FY 2023 Compliance Actions for State and County Offices (Continued)

C State Program Specialist Actions (Continued)

- The FY23 Corrective Action Plans Spreadsheet provides State findings for the six programs reviewed during the audit. Information pertinent to each identified improper payment is provided, along with the Performance, Accountability, and Risk Division's determination of whether the improper payment is a monetary or nonmonetary loss. Monetary losses must be recovered from the producer and nonmonetary losses require a corrective action, such as a form to be corrected/updated, redelegations established, underpayments issued, or some action taken other than collection from the producer. Review and provide corrective actions for each program tab, as applicable, using the following column headings:

- Column W – State Office Recommendation to County Office

Note: Indicate the State Office recommended corrective action that was provided to the County Office.

- Column X – Corrective Action Taken County Office and Date

Note: Document the corrective action that was taken. For example, if AD-1026 was missing and the corrective action was to collect AD-1026, write that AD-1026 was collected from the producer in the cell.

- Column Y – Receivable Document Number Established if Applicable

Note: If a receivable was created, provide the number.

- Column Z – Approval and Closure Date by State Office.

Note: The State Office provides status and date closed out in this column.

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2 FY 2023 Compliance Actions for State and County Offices (Continued)

D SED Actions

SED's must ensure that:

- applicable State Office program divisions provide additional program training where needed and implement CAP's to reduce improper payments

Note: Recorded trainings are available on the [DAFP SharePoint](#).

- State and County Offices complete corrective actions for all State review findings
- additional internal control procedures that are developed are implemented to reduce findings
- DD's review this notice with CED's and PT's within their respective districts.

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3 Results of FY 2023 PIIA DAFP Programs Reviews

A Compliance, Payment Limitation, and Program Eligibility Errors Affecting All Program Areas

The following table provides improper payment findings that affected all programs reviewed and the applicable procedural requirements.

Description of Finding	Handbook Reference
Acceptable FSA-578 report of acreage is not on file or not completed and filed according to 2-CP.	2-CP
Late-filed FSA-578 report of acreage was not filed according to 2-CP: • filed after the subsequent acreage reporting date • late-filed fee not paid • COC review not completed • COC review not documented in the COC minutes.	2-CP, paragraph 27
Payment eligibility and payment limitation determination are not completed, or information is incorrect on CCC-903.	• 5-PL, paragraphs 44 and 326 • 6-PL, paragraphs 63 and 353
Proper signature authority is not on file.	1-CM (Rev.3), Part 25
Acceptable AD-1026 is not on file for the applicant and/or affiliated persons.	6-CP
AGI certification is not on file.	• 5-PL, Part 6 • 6-PL, Part 8
Payments issued without a signed CCC-902 on file.	• 5-PL, paragraph 41 • 6-PL, paragraph 60

Note: The applicable reference in each specific program handbook is not provided; however, offices must ensure that applicable policy for each specific program is followed according to program requirements.

3 Results of FY 2023 PIIA DAFP Programs Reviews (Continued)

B Payment Limitation and Payment Eligibility Form Requirements

All FSA and NRCS program applicants must complete CCC-902 and receive a determination of eligibility from COC or its designee (documented on CCC-903) when the program is subject to payment limitation and/or payment eligibility rules.

Payment limitation determinations include determinations for substantive change and attribution, including common attribution.

Payment eligibility determinations include determinations for actively engaged in farming, cash-rent tenant, and foreign person rules, as applicable.

Producer certifications must be accurately recorded in Customer Relationship Management-Business Partner, Subsidiary Web Eligibility, and Business File, based on applicable forms filed. **After COC determinations are made**, the determinations must be accurately recorded in Subsidiary Web Eligibility and Business File to ensure that payments are issued only to eligible program applicants.

C ARC/PLC

The following table provides improper payment findings for ARC/PLC payments issued during FY 2022 and the applicable procedural requirements according to 1-ARCPLC (Rev. 1).

Program Area	Description of Finding	1-ARCPLC (Rev. 1) Reference
ARC/PLC Contract Operations	CCC-862 or CCC-866 is not signed by an authorized representative.	- paragraph 7 - paragraph 204
	CCC-862 or CCC-866 is not signed by the participant by the applicable deadline.	paragraph 202
	CCC-866 or CCC-862 is approved by a representative of COC without redelegation of authority in place.	- paragraph 4 - Exhibit 1
	CCC-862 or CCC-866 is not on file for the applicant receiving payment.	paragraph 7
	CCC-862 or CCC-866 is not signed by all required participants.	paragraph 204
	Producer share claimed on CCC-866 is not supported by sufficient cropland as reported on FSA-578.	- paragraph 217 - paragraph 237

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3 Results of FY 2023 PIIA DAFP Programs Reviews (Continued)

D ECP

The following table provides improper payment findings for ECP payments issued during FY 2022 and the applicable procedural requirements according to 1-ECP.

Program Area	Description of Finding	1-ECP Reference
Producer Eligibility	A valid AD-1026 is not on file for affiliated persons of the participant receiving benefits.	• paragraph 5 (Rev. 7) • paragraph 5 (Rev. 6) • paragraph 5 (Rev. 5)
	ECP payment issued without a valid AD-1026 on file.	
	ECP payment issued without a signed CCC-902 on file.	• subparagraph 6 B (Rev. 7) • subparagraph 6 B (Rev. 6) • subparagraph 6 B (Rev. 5)
Payment Scenarios	Eligible cost of practice or component is calculated incorrectly.	• paragraph 149 • paragraph 152 (Rev. 7)
Cost-Share Policies	Cost-share payment exceeds 75 percent of the participant's actual cost to perform the practice.	• subparagraphs 179 A and B (Rev. 7) • subparagraphs 66 A and B (Rev. 6) • subparagraphs 30 A and C (Rev. 5) • subparagraph 179 C (Rev. 7) • subparagraph 66 C (Rev. 6) • subparagraph 30 B (Rev. 5)
	Correct component rates established by the State Office were not used to determine eligible cost.	
	Cost-share assistance exceeds 50 percent of the agricultural market value of the land.	
	A prepared and dated FSA-23 is not on file before Cost-Share approval.	
Cost-Share Eligibility	Ineligible cost is included in the calculation of cost-share earned.	• paragraph 202 (Rev. 7) • paragraph 71 (Rev. 6) • paragraph 41 (Rev. 5)
Practice Eligibility	FSA-850 or NRCS-CPA-52 (or State equivalent) is not on file on or before cost share approval.	• paragraph 325 (Rev. 7) • paragraph 326 (Rev. 7) • subparagraph 328 B (Rev. 7) • paragraph 102 (Rev. 6) • subparagraph 104 B (Rev. 6) • paragraphs 162 (Rev. 5) • subparagraph 164 B (Rev. 5)
	The FSA-850, NRCS-CPA-052 (or State equivalent) is missing required signatures.	

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3 Results of FY 2023 PIIA DAFP Programs Reviews (Continued)

D ECP (Continued)

Program Area	Description of Finding	1-ECP Reference
FSA-848A, Cost Share Agreement	Producer did not sign FSA-848A before payment was issued.	• paragraph 403 (Rev. 7) • Exhibit 17 (Rev. 7)
	An authorized FSA representative did not sign FSA-848A before payment was issued.	• paragraph 135 (Rev. 6) • Exhibit 9 (Rev. 6)
	FSA-848A (Cost-share Agreement) is not on file.	• paragraph 177 (Rev. 5) • Exhibit 9 (Rev. 5)
Supporting Data	Evidence to determine proper cost-share payment is not on file or is inadequate.	• paragraph 432 (Rev. 7) • paragraph 146 (Rev. 6) • paragraph 205 (Rev. 5)
Reporting Contributions	Statement of producer's own contribution is not on file or is inadequate.	• paragraph 479 (Rev. 7) • paragraph 161 (Rev. 6) • paragraph 231 (Rev. 5)
Documenting Revisions	Producer did not sign revised FSA-848A before payment was issued.	• subparagraph 526 C (Rev. 7) • subparagraph 527 C (Rev. 7)
	An authorized FSA representative did not sign revised FSA-848A before payment was issued.	• subparagraph 253 C (Rev. 6) • subparagraph 254 C (Rev. 6) • subparagraph 253 C (Rev. 5) • subparagraph 254 C (Rev. 5)

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3 Results of FY 2023 PIIA DAFP Programs Reviews (Continued)

E LFP

The following table provides improper payment findings for LFP payments issued during FY 2022 and the applicable procedural requirements.

Program Area	Description of Finding	1-LFP Reference
Eligibility	A written acreage lease, rental agreement, CCC-855, or owner verification is not on file or does not support leased or owned grazing land claimed on CCC-853:	• subparagraphs 26 C and E • paragraph 28
	• CCC-855 submitted was from a prior program year when they are required to completed on an annual basis • rental agreement was missing owner signatures to represent majority interest • information provided on CCC-855 does not convey risk • CCC-855 does not support the grazing land claimed because of: • landowner/landlord/original lessee name not matching the owners and no sublease was provided • acres entered do not match the grazing land claimed • lease start and end dates are missing or do not show control of grazing land on trigger date.	
	Documentation on file does not support animal units loaded in CARS.	subparagraph 27 A
	Eligible grazing type is not established or is incorrect.	subparagraph 27 C
	FSA-578 is not on file or signed for all grazing acres for which a loss is claimed.	• subparagraph 22 B • subparagraph 24 B • subparagraph 87 A • subparagraph 87 E
	FSA-578 revision is not on file or signed for all grazing acres for which a loss is claimed.	
	Grazing acres for loss claimed by the applicant were not filed by the acreage reporting date or were not properly late filed.	

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3 Results of FY 2023 PIIA DAFP Programs Reviews (Continued)

E LFP (Continued)

Program Area	Description of Finding	1-LFP Reference
Eligibility (Continued)	Acceptable AD-1026 is not on file for the applicant and/or affiliated persons.	• subparagraph 58 D • subparagraph 87 E
	Payments issued without a signed CCC-902 on file: • CCC-902 for General Partnership was not signed by all members.	• subparagraph 58 C • subparagraph 87 E
LFP Application	Approved CCC-853 filed for qualifying loss does not include all eligible acreage.	paragraph 26
	Approved CCC-853 filed for qualifying loss includes ineligible acreage: • CCC-853 included acreage from a different physical location county • CCC-853 included land leased on a cost per head per day basis.	subparagraph 26 D
	Applications executed by State Office employees, STC members, COC members, CED's, County Office employees, and their spouses were not sent to STC, and approved or disapproved by the designee or STC member.	• subparagraph 2 B • subparagraph 2 E
	Carrying capacity is incorrect on approved CCC-853.	subparagraph 27 A
	Required signatures are not obtained on CCC-853 by the earlier of the signup deadline or date payment was issued.	subparagraph 87 C
	CCC-853 is not approved by COC or authorized agency representative before payment is issued.	paragraph 88
Payments	CCC-853 approved by representative of COC or STC without redelegation of authority in place.	• subparagraph 2 B • Exhibit 1

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3 Results of FY 2023 PIIA DAFP Programs Reviews (Continued)

F NAP

The following table provides improper payment findings for NAP payments issued during FY 2022 and the applicable procedural requirements.

Program Area	Description of Findings	1-NAP (Rev. 2) Reference
Producer Eligibility	Payment issued without a signed CCC-902 on file.	- paragraph 8 - paragraph 100
	AGI compliance is not met before payment is issued.	paragraph 102
	Payment is issued without a valid AD-1026 on file.	paragraph 103
	AD-1026 is not on file for affiliated person(s) of participant receiving benefits.	
CCC-471, Application for Coverage	Late-filed provisions were not followed when CCC-471 is submitted after the application closing date, but before the end of the coverage period.	paragraph 301
FSA-578 Acreage Report	FSA-578 is not on file or is not signed for the affected crop(s) on the unit.	paragraph 375
	FSA-578 was not filed by the ARD and was not properly late filed for acreage of the affected NAP crop on the unit.	2-CP - paragraph 24 - paragraph 27 - paragraph 928
	Crop acreage is credited to an incorrect planting period.	subparagraph 200 B
CCC-576, Notice of Loss and Application for Payment	CCC-576 is not timely filed.	subparagraph 575 B
	CCC-576 is not signed by the producer.	- paragraph 575 - Exhibit 53, item 9
	COC or an authorized representative did not sign CCC-576, Part C, before the payment was issued.	- paragraph 575 - Exhibit 53, item 10
	CCC-576 is approved for disaster event that occurred outside the coverage period.	paragraph 575
	CCC-576 (Application for Payment) is not signed by the producer, when required.	- paragraph 675 - Exhibit 53, Part H
	CCC-576 (Application for Payment) is not signed by COC or an authorized representative before payment was issued.	- paragraph 53 - Exhibit 53, Part I
	Payment factor is not correctly applied to the crop.	- paragraph 279 - Exhibit 53, item 22
	Incorrect number of acres/colonies/taps is used to calculate the NAP payment.	- subparagraph 976 D - Exhibit 53, item 20

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3 Results of FY 2023 PIIA DAFP Programs Reviews (Continued)

F NAP (Continued)

Program Area	Description of Findings	1-NAP (Rev. 2) Reference
CCC-576, Notice of Loss and Application for Payment	Data is missing or is incorrect on CCC-576 (Application for Payment), Part D-F as applicable.	- paragraph 675 - Exhibit 53, Part D-F
	Producer receiving NAP payment does not share in the risk of producing the crop.	- subparagraph 100 B - paragraph 679
	NAP assistance paid on late-filed CCC-576 (Application for Payment).	paragraph 675
	Incorrect AUD loss factor was used to compute payment for grazing loss.	subparagraphs 804 E-H
	NAP payment is based on incorrect crop data.	- paragraph 675 - Exhibit 53, Part D
	Acceptable production records are not on file for all harvested crops within the pay group.	paragraph 601
	Harvested production is incorrect.	paragraph 605
	Assigned production is not properly applied.	paragraph 607
	Appraised production is not properly applied.	paragraph 607
Approved Yield	Producer did not sign CCC-452 by the final production reporting date for the crop when required.	- subparagraph 400 E - subparagraph 601 A

G CCC-770 Program Checklists

The CCC-770 program checklists have been developed for various programs to assist County Offices to ensure that payments are issued properly. The CCC-770 program checklists are tools that can help determine whether program policies and procedures are being followed before issuing payments. Each program has different requirements for completing CCC-770 program checklists.

The following programs have CCC-770 program checklists:

- ECP (1-ECP (Rev. 7), paragraph 12)
- LFP (1-LFP, paragraph 91)
- NAP (1-NAP (Rev. 2), paragraph 12) is **required**.

Each of these handbook references will provide instructions for completing the program -specific CCC-770 checklist.