

For: State and County Offices

FY 2013 National CORP Review for Improper Payments for MILC Program

Approved by: Deputy Administrator, Farm Programs



1 FY 2013 MILC Improper Payments

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.

IPIA reviews enable FSA to have reliable and statistical data to determine:

- the effectiveness of programs
- 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 issued or was issued for an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include both overpayments and underpayments.

The MILC program was **not** reviewed in FY 2011 or FY 2012. During FY 2013 CORP review, MILC IPIA error rate was 0.17 percent.

FSA continues to make eliminating improper payments a top priority and has incorporated the priority into the strategic planning and performance measures.

Disposal Date	Distribution
October 1, 2013	State Offices; State Offices relay to County Offices

Notice LD-632

1 FY 2013 MILC Improper Payments (Continued)

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 FY 2013 CORP findings for FY 2012 MILC payments
- directs followup action within each State to ensure that all offices review the discovered errors and take any needed corrective action.

C Action

SED's shall ensure that:

- applicable State Office division chiefs and specialists review this notice and all related CORP reports, in detail to develop Corrective Action Plans, 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 any CORP reviews
- applicable State Office program divisions provide additional program training where needed and implement Corrective Action Plan to reduce improper payments
- DD's review this notice with CED's and PT's within their respective districts.

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D MILC CORP Findings

The following provides MILC CORP findings.

Description of Findings	Procedure Reference and Policy
<p>Start month is unauthorized based on rules.</p>	<p>11-LD, paragraphs 25 through 28 provide production start month provisions. The production start month selection made by the dairy operation and designated on CCC-580 must be received in the County Office:</p> <ul style="list-style-type: none"> • on or before the 14th of the month before the production start month selected by the producers in the dairy operation <p>Note: If the 14th of the month falls on a weekend, the dairy operation production start month selection must be made on the last workday preceding the weekend.</p> <ul style="list-style-type: none"> • before the Boston Class I fluid milk price of the month selected by the producers in the dairy operation is announced to the public. <p>A dairy operation cannot select a month for payment for which any of the following has occurred:</p> <ul style="list-style-type: none"> • has already begun • has already passed • no milk production was produced by the dairy operation. <p>If the production start month selected by the dairy operation is never modified by the producers in the dairy operation, the production start month designated on CCC-580 and on file with the County Office will remain the same for succeeding FY's throughout the duration of the MILC program.</p>