

For: State and County Offices, CMA's, and DMA's

**FY 2013 National CORP Review for Improper Payments of MAL's**

Approved by: Acting Deputy Administrator, Farm Programs



**1 FY 2013 MAL 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 FY 2013 improper payment rate for MAL is .34, up .26 percent from the .08 percent error rate reported in FY 2012. The following table provides error rates for the past 2 years.

Program Type	FY	Error Rate
MAL's	2011	.52 percent
	2012	.08 percent
	2013	.34 percent

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

Disposal Date	Distribution
February 1, 2014	State Offices; State Offices relay to County Offices, CMA's and DMA's

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### 1 FY 2013 MAL 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 the 2012 FY MAL disbursements
- directs follow-up action within each State to ensure that all offices review the errors and take any needed corrective action.

#### C Action

SED's shall ensure that:

- applicable State Office program 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 for the specified program according to 8-LP, subparagraph 23 A
- applicable State Office program divisions provide additional training where needed and implement Corrective Action Plans to reduce improper payments
- DD's review this notice with CED's and PT's within their respective districts.

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2 Price Support CORP Findings for FY 2013

A MAL CORP Findings

The following table provides MAL CORP findings.

<b>Description of Findings</b>	<b>Procedure Reference and Policy</b>
Signature on note and security agreement obtained after loan disbursement.	See 8-LP, paragraph 509.  The note and security agreement <b>must</b> be signed <b>before</b> the loan can be approved and disbursed.
Note and security agreement not signed by producer or producer's representative.	See 8-LP, paragraph 509, and 1-CM for signature requirements.  The note and security agreement <b>must</b> be signed by producer or an authorized producer representative <b>before</b> the loan can be approved and disbursed.
Incorrect loan rate used.	See 8-LP, paragraph 506.  The loan rate for a MAL is the applicable loan rate for the county where the commodity is stored, and adjusted for reductions according to 8-LP, subparagraph 520.