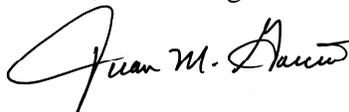


For: State and County Offices

FY 2010 National CORP Review for Improper Payments for NAP

Approved by: Acting Deputy Administrator, Farm Programs



1 CORP Findings for FY 2010

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 ORAS, COR’s conduct a national IPIA review each year to evaluate programs that have been identified as susceptible to significant risk of erroneous payments. These reviews enable FSA to have reliable and statistical data to determine the effectiveness of programs and 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 2009 NAP payments was examined during the FY 2010 National IPIA Review. The review results indicate that NAP continues to be associated with a certain amount of risk attributable to administrative errors. FSA’s National IPIA Review results and corrective action plans (CAP’s) are included in the FY 2010 USDA Performance and Accountability Report, Appendix B, “Improper Payment and Recovery Auditing Details”, available at <http://www.ocfo.usda.gov/usdarpt/usdarpt.htm>.

During the FY 2010 CORP review, the NAP error rate was 11.65 percent, down from 14.18 percent for the FY 2009 review.

Program	Year	Error Rate
NAP	2009	14.18
	2010	11.65

Disposal Date	Distribution
October 1, 2011	State Offices; State Offices relay to County Offices

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1 CORP Findings for FY 2010 (Continued)

B Purpose

This notice:

- is being issued as part of FSA's CAP for reducing improper payments, as required under IPIA
- informs State and County Offices of CORP findings discovered for NAP
- directs followup action within each State to ensure that all offices review the findings in paragraph 2 and take corrective action as needed.

C Action

SED's shall ensure that:

- applicable State Office program chiefs and specialists review this notice, in detail, to determine program compliance weaknesses
- 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 PT's within their respective districts.

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1 CORP Findings for FY 2010 (Continued)

D CORP Review Improper Payments for NAP

The following provides CORP NAP improper payment findings for FY 2009 payments and procedure requirements.

Program Area	Description of Findings	Procedure Reference
Producer Eligibility	AD-1026 not on file for affiliated person.	<ul style="list-style-type: none"> • 1-NAP, subparagraph 30 A • 6-CP, paragraph 469.
	Acceptable acreage report is not on file for the crop receiving payment.	1-NAP, paragraph 151.
	Payee is either ineligible or the payment was incorrectly limited.	1-NAP, paragraph 34.5.
	Income eligibility indicated payee ineligible for payment.	1-NAP, paragraph 33.5.
Application for Coverage	CCC-471 filed after closing date.	1-NAP, subparagraph 23 A.
	Signed CCC-471 is not on file.	1-NAP, subparagraph 23 B.
	CCC-471 was not signed by payee.	1-NAP, subparagraph 23 A.
Service Fee	Service fee paid after closing date.	1-NAP, paragraph 24.
Notice of Loss and Application for Payment	CCC-576, Notice of Loss, filed late.	1-NAP, subparagraphs 401 B and D.
	CCC-576, Notice of Loss does not support loss.	1-NAP, Exhibit 43, paragraph A, Part B.
	Signatures were not obtained on CCC-576, Part B.	1-NAP, Exhibit 43, paragraph A, item 21.
	CCC-576, Part D was not properly completed.	1-NAP, Exhibit 43, paragraph A, Part D.
	CCC-576, Part H was not approved.	1-NAP, Exhibit 43, paragraph A, item 62 A.
	CCC-576, Part F was not properly completed.	1-NAP, Exhibit 43, paragraph A, Part F.
	CCC-576, Application for Payment, filed late.	1-NAP, subparagraph 502 A.
	Payee did not sign CCC-576, Part G.	1-NAP, Exhibit 43, paragraph A, item 59 A.
	LA or FSA representative did not sign CCC-576, Part G.	1-NAP, Exhibit 43, paragraph A, item 60 A.
CCC-576 is not on file for crop receiving payment.	1-NAP, subparagraph 502 B.	

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1 CORP Findings for FY 2010 (Continued)

D CORP Review Improper Payments for NAP (Continued)

Program Area	Description of Findings	Procedure Reference
Production Evidence	Production evidence is not on file.	1-NAP, subparagraph 323 A.
	Appraisal/Production report not complete when required.	1-NAP, subparagraph 323 A.
	Appraisal/Production report does not support payment.	1-NAP, Exhibit 43, paragraph A, Part D.
	Value loss inventory data does not support payment.	1-NAP, Exhibit 43, paragraph A, Part E.
	Grazing "AUD" loss calculation does not support payment.	1-NAP, Exhibit 43, paragraph A, Part F.
Payment Calculation	Incorrect crop used to calculate payment.	1-NAP, Exhibit 43, paragraph A, item 26.
	Incorrect planting period used to calculate payment.	1-NAP, Exhibit 43, paragraph A, item 28.
	Incorrect crop type used to calculate payment.	1-NAP, Exhibit 43, paragraph A, item 29.
	Payee share is incorrect.	1-NAP, Exhibit 43, paragraph A, item 31.
	Incorrect crop acreage was used to calculate payment.	1-NAP, Exhibit 43, paragraph A, item 32.
	Incorrect practice used to calculate payment.	1-NAP, Exhibit 43, paragraph A, item 33.
	Incorrect total production used to calculate payment.	1-NAP, Exhibit 43, paragraph A, item 35.
	Incorrect intended use used to calculate payment.	1-NAP, Exhibit 43, paragraph A, item 36.
Approved Yield Calculation	Unit yield is not properly calculated.	1-NAP, paragraph 251.