

For: State and County Offices

FY 2009 National CORP Review for Improper Payments for CRP

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Improper Payments Information Act (IPIA) of 2002 requires Federal agencies to annually review programs to determine whether internal controls are sufficient to prevent issuing improper payments.

These reviews enable FSA to have reliable and statistical data to discern the overall effectiveness of programs and determine whether adequate management controls are in place to conform with IPIA requirements. OMB defines an improper payment as any payment that should not have been issued or was issued in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts include both overpayments and underpayments.

The CORP reviews indicated that some payments were made **before** the receiving a completed Conservation Plan of Operations (CPO). Annual rental payments and cost-share payments were issued without a completed CPO on file. Additionally, cost-share payments were issued without AD-245 being approved.

Disposal Date	Distribution
March 1, 2010	State Offices, State Offices relay to County Offices and NRCS State Offices

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1 Overview (Continued)

A Background (Continued)

Similar to the 2008 review results, additional concerns exist related to payments made:

- without valid contract signatures
- for the incorrect amount because:
 - applicable payment reduction was not made
 - acres were incorrect
 - share was incorrect
 - rental rate was incorrect
 - cost-share calculation was incorrect
- before CRP-1 was approved (for revised contracts)
- without the following on file:
 - HELC and WC Conservation Certification
 - farm operating plans
 - compliance or performance certifications
 - AGI certifications.

B Purpose

This notice:

- provides State and County Offices with:
 - a summary of FY 2009 CRP IPIA CORP findings
 - established policy and procedure references for each CORP finding
- directs follow-up action within each State Office to ensure that all offices review the listed discovered errors and take any needed corrective action.

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2 CORP Findings for FY 2009

A Annual Payments Findings and Policy

The following provides CORP annual payments findings and the policy reference for each finding.

Finding	Reference
CPO received after payment is made.	According to 2-CRP, subparagraph 253 B, COC's shall approve CRP-1 if a conservation plan is approved for the acreage.
Compliance certified after payment was made.	According to 2-CRP, paragraph 404, before CRP annual rental payment are issued, a certification of compliance shall be filed on either FSA-578 or CRP-817U by the owner and/or operator on CRP-1, or person authorized by power of attorney.
CRP-1 signatures (other than payee) were obtained after payment was made.	All required signatures must be obtained on all CRP forms and conservation plans before COC approves CRP-1 according to 2-CRP, paragraph 253. All owners, operators, and tenants that have an interest in the acreage being offered must sign CRP-1, including owners with zero share in CRP annual rental payments according to 2-CRP, paragraph 198.
CRP-1 was signed on behalf of payee by unauthorized person.	County Offices shall verify that signature authority is on file in the County Office before accepting a signature on any program or related documents on behalf of another according to 1-CM, paragraph 707.
AGI certification received after payment was made.	CRP payments shall be made after certification of compliance with adjusted gross income limitation has been received according to 2-CRP, subparagraph 372 B.
AD-1026 for affiliated person received after payment was made.	Before CRP annual rental payments are issued, a current AD-1026 shall be on file for all participants earning CRP benefits according to 2-CRP, paragraph 404 and 6-CP, paragraph 401.
Payee signature was obtained on contract after payment was made.	CRP-1 must be signed and dated by all required signatories before COC approves CRP-1 according to 2-CRP, paragraph 198.
Payments made before CRP-1 was approved.	Make CRP PIP, SIP, CP23, CP23A, CP37 and annual rental payments to participants after CRP-1 is approved. See 2-CRP, paragraphs 125 and 372.
AD-1026 received after the payment was made.	Before CRP annual rental payments are issued, a current AD-1026 shall be on file for all participants earning CRP benefits according to 2-CRP, paragraphs 125, 372, 404, and 496.
CCC-502 received after payment was made.	Before CRP annual rental payments are issued, applicable payment limitation forms shall be on file for all participants earning CRP benefits according to 2-CRP, paragraph 404.
CRP-1 is not on file.	Before approving CRP-1's, County Offices shall ensure that a separate CRP-1 is completed for each CRP-2, CRP-2C, or practices with different lifespans, and on file according to 2-CRP, subparagraph 253 A.

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2 CORP Findings for FY 2009 (Continued)

A Annual Payments Findings and Policy (Continued)

Finding	Reference
Compliance is not certified.	Before a CRP annual rental payment is issued, a certification of compliance shall be filed on either FSA-578 or CRP-817U according to 2-CRP, paragraph 404.
Conservation plan is not on file.	An approved conservation plan is required before CRP-1 can be approved by COC. See 2-CRP, paragraphs 236, 253, and 255.
Conservation plan is missing 1 or more required signatures.	Before approving CRP-1's, COC, or designee shall review and approve the conservation plan according to 2-CRP, subparagraph 236 B to ensure that it has been signed and agreed to by : <ul style="list-style-type: none"> • all signatories to CRP-1 • NRCS or TSP • Conservation District • COC or designee.
Signatures other than payee not obtained on CRP-1.	All owners, operators, and tenants who have an interest in the acreage being offered must sign CRP-1, including owners with zero shares in CRP annual rental payments according to 2-CRP, paragraph 198.
Applicable payment reduction is not made.	For each applicable year the CRP participant hayed or grazed eligible CRP acreage, annual rental payment shall be reduced by the number of acres actually hayed or grazed, times the CRP per acre annual rental payment, times 25 percent. See 2-CRP, subparagraphs 294 A, and 310 A.
CRP-1 is not signed by payee or representative.	All owners, operators, and tenants who have an interest in the acreage being offered must sign CRP-1, including owners with zero share in CRP annual rental payments according to 2-CRP, paragraph 198.
Payee does not meet eligibility requirements.	County Offices shall ensure that participants meet eligibility requirements according to 2-CRP, Part 5.
Acres are incorrect.	Correct erroneous acre determinations according to the table in 2-CRP, subparagraph 334 B.
Payee share is incorrect.	Participants will determine shares. COC shall approve shares provided they are not designed to circumvent other program regulations. Payment shares are not required to be commensurate with previous CRP annual rental payments or interests on other contracts or agreements in the County Office. See 2-CRP, subparagraphs 82 D, 125 B, 372 D, 372 E, and 373 A.

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2 CORP Findings for FY 2009 (Continued)

A Annual Payments Findings and Policy (Continued)

Finding	Reference
Rental rate is incorrect.	<p>For general CRP contract payments, County Offices shall determine the maximum payment rate (MPR) for the offer according to 2-CRP, paragraph 153. County Offices shall ensure that the correct 3 pre-dominate soils, soil rental rates, and maintenance rates are used to determine the rental rate for the offer. In addition, County Offices shall ensure that the participant's offered rental rate is entered into the system when calculating the contract annual rental payment according to 2-CRP, subparagraph 195 D. See CRP-2, item 9, and CRP-1, item 10A.</p> <p>For continuous CRP and CREP contract payments, County Offices shall determine MPR for the offer according to 2-CRP, paragraphs 124 and 153 for both cropland and marginal pastureland rental rate calculations. Before CRP-1 is completed, the County Office shall inform the participant of the calculated per acre MPR for the eligible acreage being offered on CRP-2C. County Offices shall ensure that the participant's offered rental rate is entered into the system correctly from CRP-2C, item 9. County Offices shall ensure that incentives are calculated according to 2-CRP, paragraph 125.</p>
CCC-502 is not on file.	<p>Before CRP annual rental payments are issued applicable payment limitation forms shall be on file for all participants earning CRP benefits before CRP annual rental payments are issued. See 2-CRP, paragraph 404.</p>
AD-1026 for affiliated person is not on file.	<p>Who must file AD-1026?</p> <p>AD-1026 certification is required for each producer who requests benefits under a program covered by HELC and WC provisions and their affiliates with farming interests according to 6-CP, paragraphs 401 and 402.</p>

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2 CORP Findings for FY 2009 (Continued)

B Cost-Share Payments Findings and Policy

The following provides cost-share payments findings and policy reference for each finding.

Finding	Reference
Properly completed conservation plan for practice paid received after payment was made.	An approved conservation plan is required before CRP-1 can be approved by COC. See 2-CRP, paragraphs 236, 253, and 255.
Extent performed entered on AD-245 after payment was made.	CRP C/S payments shall be paid as soon as possible after producer signs AD-245, page 2 and reports completing the practice according to 2-CRP, paragraph 496.
Performance certified on AD-862 after payment was made.	Producers must report completing the practice before cost-share payments are issued according to 2-CRP, paragraphs 474, 475, 496, and 1-CONSV, subparagraph 194 A.
Performance certified on AD-245, page 2 after payment was made.	Producers must certify performance on AD-245, page 2, before cost-share payments are issued according to 2-CRP, paragraphs 472, 474, 496, and 1-CONSV, subparagraph 194 A and Exhibit 15.
AD-1026 for payee received after the payment was made.	A current AD-1026 and applicable payment limitation forms shall be on file before CRP cost-share payments are issued according to 2-CRP, paragraph 496.
AD-1026 for affiliated person received after payment was made. AD-1026 for affiliated person is not on file.	Before CRP cost-share payments are issued, a current AD-1026 shall be on file according to 2-CRP, paragraph 496 and 6-CP, paragraph 401.
CCC-502 received after payment was made.	Before CRP cost-share payments are issued, applicable payment limitation forms shall be on file for all participants earning CRP benefits according to 2-CRP, paragraph 496.
Amount earned is incorrect.	For CRP cost-share payments, County Offices shall ensure that the provisions of 2-CRP, Part 20 are followed.
Performance was not certified on AD-862.	Producers must report completing the practice before cost-share payments are issued according to 2-CRP, paragraphs 474, 475, 496, and 1-CONSV, subparagraph 194 A.
AD-245, page 2 is not on file.	Producers must certify performance on AD-245, page 2 before cost-share payments are issued according to 2-CRP, paragraphs 472, 474, 496, and 1-CONSV, paragraph 194 A and Exhibit 15.
AGI certification received after payment was made.	CRP payments shall be made after certification of compliance with adjusted gross income limitation has been received according to 1-PL and 4-PL. See 2-CRP, subparagraph 372 B and paragraph 496.
CCC-502 is not on file.	Before CRP cost-share payments are issued, applicable payment limitation forms shall be on file. See 2-CRP, paragraph 496.

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2 CORP Findings for FY 2009 (Continued)

B Cost-Share Payments Findings and Policy (Continued)

Finding	Reference
CRP-1 is signed by participant after payment was issued.	All required signatures must be obtained on all CRP forms and conservation plans before COC may approve CRP-1 according to 2-CRP, paragraph 253 and paragraph 496.
Cost-share was not approved on AD-245, page 2.	When CRP-1 is approved, the practices scheduled on the approved conservation plan are automatically approved according to 2-CRP, paragraph 461 and AD-245 is processed according to 1-CONSV, paragraph 195.
Late payment interest not paid.	According to 2-CRP, subparagraph 472 F, CRP participants who are issued CRP payments more than 30 calendar days after payments are authorized shall receive interest under the Prompt Payment Act according to 61-FI. See 50-FI for prompt payment interest rates.
CPO is not on file.	An approved conservation plan is required before CRP-1 can be approved by COC. See 2-CRP, paragraphs 236, 253, and 255.

3 Action

A Action for SED's

SED's shall ensure that:

- applicable State Office program chiefs and specialists review this notice in detail to develop corrective action plans (CAP's), 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
- applicable State Office program areas provide additional program training where needed and implement CAP's to reduce improper payments
- DD's review this notice with CED's and program technicians within their respective districts.