

For: State and County Offices

**FY 2016 National CORP Review for Improper Payments for LIP
Corrective Actions and Program Policy Reminders**

Approved by: Acting Deputy Administrator, Farm Programs



1 CORP Findings for FY 2016

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.

These IPIA reviews enable FSA to have reliable and statistical data to determine effectiveness of programs and 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 2016 improper payment rate for LIP is 12.87 percent. This is an increase of 6.51 percent from the 2015 CORP reviews that determined an improper payment rate of 6.36 percent.

B Purpose

This notice:

- is being issued as part of FSA’s corrective action plan (CAP) as required under IPIA
- informs State and County Offices of CORP findings about LIP
- directs follow-up action within each State to ensure that all offices review the errors and take corrective action
- outlines and reinforces program policy and procedure for:
 - timely filed notices of loss
 - livestock eligibility criteria
 - eligible loss conditions
 - required documentation of proof of livestock deaths and livestock inventory.

Disposal Date	Distribution
July 1, 2017	State Offices; State Offices relay to County Offices

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1 CORP Findings for FY 2016 (Continued)

C Action

SED's shall ensure that:

- applicable State Office program chiefs and specialists review this notice in detail to develop CAP's, as needed, to ensure that County Offices follow applicable program procedures issued through National Office notices and program handbooks
- additional internal control procedures are developed to avoid findings indicated by CORP reviews
- applicable State Office program divisions provide additional program training, where needed, and implement CAP's to reduce improper payments
- DD's review this notice with CED's and PT's within their respective districts.

D CORP Review Improper Payment Findings for LIP

The following table provides descriptions for CORP LIP improper payment findings for FY 2016 payments and the related procedure requirements.

Program Area	Description of Findings	Procedure Reference
Administrative	Notice of loss is not timely filed.	1-LDAP (Rev. 1), subparagraph 40 C and paragraph 71
Payments	Payment is made for livestock deaths based on an ineligible loss condition.	1-LDAP (Rev. 1), subparagraphs 23 A, 24 B, and 41 A.
	Payment is made without acceptable documentation of proof of livestock death and/or inventory.	1-LDAP (Rev. 1) paragraph 44.
	Payment is based on incorrect livestock information.	1-LDAP (Rev. 1) paragraph 42.

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2 Reminders of Program Policies to Improve IPIA Findings for LIP

A Timely Filed Notice of Loss

According to 1-LDAP (Rev. 1), subparagraph 40 C, for 2016 and subsequent calendar years, eligible livestock owners and eligible contract growers who suffer a loss of livestock must file a notice of loss within 30 calendar days of when the loss of livestock is first apparent to the participant. Policy for STC's to act on late-filed notices of loss can be found in 1-LDAP (Rev. 1), subparagraph 71 B.

B Eligible Loss Conditions

According to 1-LDAP (Rev. 1), paragraph 41, eligibility criteria for eligible loss conditions, includes eligible adverse weather events, eligible disease and eligible attack, as defined in paragraph 23. In addition, paragraph 41 outlines ineligible adverse weather events and ineligible disease.

State Offices must:

- establish eligibility criteria for livestock deaths because of extreme heat and extreme cold, according to 1-LDAP (Rev. 1), subparagraph 24 B
- ensure that COC thoroughly documents each case to ensure that:
 - STC's extreme heat and/or extreme cold eligibility criteria has been met
 - the death of livestock was a direct result of extreme heat or extreme cold
 - management decisions were not the cause of loss, and
 - extreme heat or extreme cold was such an abnormality that attributing the direct death of livestock to it is reasonable.

C Proof of Livestock Deaths and Beginning and Ending Inventory

According to 1-LDAP (Rev. 1), paragraph 44 acceptable proof of livestock death losses and beginning and ending inventory must be provided for LIP. Before approving a LIP application, the County Office must ensure that the livestock owner or contract grower has filed acceptable proof of livestock deaths and beginning and ending inventory.

D Livestock Eligibility Requirements

Livestock eligibility requirements are provided in 1-LDAP (Rev. 1). The following subparagraphs provide the County Office's guidance in determining livestock eligibility:

- subparagraph 42 A provides livestock eligibility requirements for owners and contract growers
- subparagraph 42 B provides the eligibility requirements for newborn livestock
- subparagraph 42 C provides the animals that are considered ineligible livestock.