

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

**FY 2012 National CORP Review for Improper Payments for MAL's**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 FY 2012 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.

These IPIA 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. 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.

During the FY 2012 CORP review, the MAL IPIA error rate was .08 percent, down from .52 percent for the FY 2011 review.

<b>Program Type</b>	<b>FY</b>	<b>Error Rate</b>
MAL's	2011	.52 percent
	2012	.08 percent

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

<b>Disposal Date</b>	<b>Distribution</b>
February 1, 2013	State Offices; State Offices relay to County Offices and FAX to CMA's and DMA's

## Notice LP-2172

### 1 FY 2012 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 2012 CORP findings for the 2011 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 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 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.

**Notice LP-2172**

**2 Price Support CORP Findings for FY 2012**

**A MAL CORP Findings**

The following table provides MAL CORP findings.

<b>Description of Findings</b>	<b>Procedure Reference and Policy</b>
<p>Loan rate was not reduced on ACRE farm production.</p>	<p>8-LP, paragraph 235 and subparagraph 506 D, and Notice PS-699.</p> <p>The base loan rate for commodities pledged for MAL harvested from an ACRE-elected farm will be reduced by 30 percent.</p> <p>Commingled commodities harvested from ACRE and non-ACRE elected farms must be placed under separate loans.</p> <p>Also, refer to Notice PS-699, which instructs County Offices to prepare separate “Reasonable Quantity and Available Amount” spreadsheets for <b>both</b> ACRE and non-ACRE production for producers requesting MAL. This will help ensure that the correct loan rate is used for the commodities produced on ACRE farms.</p>
<p>Producer did not have beneficial interest in the commodity.</p>	<p>8-LP, paragraph 227 and Notice PS-699.</p> <p>MAL must be requested and issued in the name of the producer or entity producing <b>and</b> having beneficial interest in the commodity.</p> <p>Notice PS-699 issued instructions for preparing “Reasonable Quantity and Available Amount” spreadsheets to help ensure that MAL’s are issued to the producer or entity producing the commodity.</p>