

For: State and County Offices

FY 2009 National CORP Review for Improper Payments for NAP

Approved by: Deputy Administrator, Farm Programs



1 Overview

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 the Operations Review and Analysis Staff (ORAS), COR’s conduct a National IPIA review each year to evaluate programs which have been identified as susceptible to significant risk of erroneous 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 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 2008 NAP payments was examined during the FY 2009 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 are included in the FY 2009 USDA Performance and Accountability Report, Appendix B “Improper Payment and Recovery Auditing Details,” available at <http://www.ocfo.usda.gov/usdarpt/usdarpt.htm>.

Disposal Date	Distribution
October 1, 2010	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose

This notice:

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

2 FY 2009 CORP Review Findings

A FY 2009 CORP Findings

The total improper payment rate and dollar amount reported under IPIA for NAP were based on the following CORP findings.

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.
	Acreage report is not on file.	1-NAP, paragraph 151.
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.
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 lacks sufficient information.	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 62A.
	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.
	LA or FSA representative did not sign CCC-576, Part G.	1-NAP, Exhibit 43, paragraph A, item 60A.
	CCC-576 is not on file for crop receiving payment.	1-NAP, subparagraph 502 B.
Production Evidence	Acceptable production evidence is not on file.	1-NAP, subparagraph 323 A.

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2 FY 2009 CORP Review Findings (Continued)

A FY 2009 CORP Findings (Continued)

Program Area	Description of Findings	Procedure Reference
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.

B Action

SED's shall ensure that:

- applicable State Office program chiefs and specialists review this notice in detail to determine program compliance weaknesses
- Corrective Action Plans (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 program technicians within their respective districts to become knowledgeable of findings which cause improper payments.