

U.S. Department of Agriculture Executive Order 13520, "Reducing Improper Payments"
 High-Dollar Overpayments Report
 1st Quarter FY 2015

Name of Program Responsible for Overpayment	Recipient (Entity or Individual)	Total Dollar Amount of the Payments Identified (Sum of Intended Amount and Overpayment Amount)	Intended Dollar Amount That Should Have Been Paid	Overpayment Dollar Amount	Reason For Overpayments	Actions Taken or Planned to Recover the Overpayment	Overall Actions and Strategies Taken or Planned to Prevent Overpayments in the Future
Farm Service Agency (FSA) Direct and Counter-Cyclical Program (DCP)	Individual	\$40,000	\$0	\$40,000	Producer was found to be non-compliant with payment limitation provisions as a result of an end-of-year review.	Overpayment was recovered. No further action is required.	End-of-year reviews for payment eligibility/limitation compliance purposes (the actively engaged in farming part of eligibility) are completed after the fact because the producer is required to provide a complete set of final business documents that illustrate how the farming operation was conducted for the year under review. The county office will continue to enforce and inform producers of the program eligibility requirements applicable for actively engaged in farming to mitigate risks associated with producers becoming non-compliant.
FSA DCP	Individual	\$90,229	\$0	\$90,229	Producer certified to meeting conservation compliance requirements and was later found to be in violation.	Receivable has been established, and demand letters have been sent to the producer.	FSA and Natural Resources Conservation Service (NRCS) have specific guidelines to follow according to statute and regulations regarding highly erodible land or wetland violations. The county office will continue to follow the statute and regulations to mitigate the risks associated with incorrect producer certifications of Highly Erodible Land and Wetland Conservation.
FSA DCP	Individual	\$71,414	\$0	\$71,414	Producer was not adjusted gross income (AGI) compliant.	Overpayment was recovered. No further action is required.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future.
FSA DCP	Individual	\$31,374	\$0	\$31,374	Producer was not adjusted gross income (AGI) compliant.	Receivable has been established, and demand letters have been sent to the producer.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future.
FSA DCP	Individual	\$30,394	\$0	\$30,394	Producer was not adjusted gross income (AGI) compliant.	Receivable has been established, and demand letters have been sent to the producer.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future.
FSA DCP	Individual	\$31,374	\$0	\$31,374	Producer was not adjusted gross income (AGI) compliant.	Receivable has been established, and demand letters have been sent to the producer.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future.
FSA DCP	Individual	\$36,561	\$0	\$36,561	Producer was not adjusted gross income (AGI) compliant.	Receivable has been established, and demand letters have been sent to the producer.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future.
FSA DCP	Individual	\$25,356	\$0	\$25,356	Producer was not AGI compliant. Non-compliance was discovered during a State office review.	Receivable has been established, and demand letters have been sent to the producer.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future.
FSA LFP	Entity	\$488,829	\$0	\$488,829	Producer is non-compliant with payment eligibility.	Receivable has been established, and demand letters have been sent to the producer.	The local FSA county office staff will ensure producers are fully aware upon signing program forms/applications of the terms and conditions associated with the applicable program. The county office staff will emphasize to the producers what they agree and accept full responsibility for as it relates to adhering to the program policies, procedures, and terms and conditions as provided when they signed the applicable program forms and applications.
FSA Livestock Forage Program (LFP)	Individual	\$43,373	\$0	\$43,373	Producer was not AGI compliant.	Receivable has been established, and demand letters have been sent to the producer.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future.
FSA Supplemental Revenue Assistance Payments (SURE)	Individual	\$35,478	\$0	\$35,478	Producer was not AGI compliant.	Receivable has been established, and demand letters have been sent to the producer.	The end-of-year review was completed according to the existing policies. For 2014 and forward, AGI compliance will be checked before program payments are issued which will prevent and/or mitigate overpayments in the future. However, the Supplemental Revenue Assistance Payments (SURE) was not authorized with the 2014 Farm Bill, therefore, no additional overpayments shall be reported.
FSA SURE	Individual	\$40,558	\$15,188	\$25,370	Ineligible crop production was not loaded in SURE workbook.	Receivable has been established, and demand letters have been sent to the producer.	The SURE Program was not authorized with the 2014 Farm Bill, therefore, no additional overpayments shall be reported.
Natural Resources Conservation Service (NRCS) Farm Security and Rural Investment Program (FSRIP)	Individual	\$70,000	\$0	\$70,000	The participant was not eligible for the program because AGI requirements were not met.	Overpayment was recovered. No further action is required.	Participants self-certify adjusted gross income on forms completed and submitted by the participant to FSA. Based on this information, FSA determines income eligibility and provides the eligibility determination to NRCS through agency business tools. FSA is currently working with the Internal Revenue Service to validate 2009-2013 income self certifications. FSA has informed NRCS of participants that have been deemed AGI non-compliant. NRCS has issued demand letters to collect improper payments that have been made to AGI non-compliant participants. Additionally, NRCS has made changes to the Protracts software to prevent improper payments from being made to participants that are retroactively determined to be AGI ineligible. NRCS has issued guidance to states via a series of National Bulletins and video teleconferences on to how address AGI eligibility issues.
NRCS FSRIP	Individual	\$30,336	\$0	\$30,336	Payments were made on a contract after the participant died. Payments were made to the individual who had the power of attorney but the power of attorney became null and void after the participant's death.	Demand letter has been sent to the individual who had the power of attorney.	State will instruct certifying and approving officials to confirm that contract holders/participants are still alive when a power of attorney is used. A power of attorney becomes null and void once the participant dies.

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NRCS FSRIP	Individual	\$34,485	\$0	\$34,485	The participant did not have control over the acres for which he was paid.	Demand letter has been sent to the payee.	Under the Conservation Security program (CSP), NRCS has historically paid participants at the beginning of the fiscal year. Since these payments are made in advance of practice implementation, improper payments are sometimes detected via annual quality assurance reviews but cannot always be prevented. Improper payments are sometimes detected for work that has not been performed or for acres that are no longer under the participant's control. CSP has now been replaced by the Conservation Stewardship Program (CStP). Under the Stewardship Program, payments are made after October 1 of each fiscal year for activities completed in the previous fiscal year. Annual payments are considered recurrent payments and participants self-certify that work was completed as scheduled and all other contract provisions were followed. However, NRCS program staff are required to validate the self-certification. States are reminded annually (via a National Bulletin) to perform quality assurance reviews on 10% of all CSP and CStP contracts. If improper payments are detected, contracts are terminated or adjusted as applicable, and a demand letter seeking recovery is sent to the participant. Program staff provide guidance on performing quality assurance reviews, spot checks, and other programmatic issues on a regular basis during monthly video teleconferences, emails, and other directives. The state of AR also issued a state bulletin regarding annual stewardship payments.
NRCS FSRIP	Individual	\$89,505	\$20,916	\$68,589	The participant did not have control over the acres for which he was paid.	Demand letter has been sent to the payee.	Under the Conservation Security program (CSP), NRCS has historically paid participants at the beginning of the fiscal year. Since these payments are made in advance of practice implementation, improper payments are sometimes detected via annual quality assurance reviews but cannot always be prevented. Improper payments are sometimes detected for work that has not been performed or for acres that are no longer under the participant's control. CSP has now been replaced by the Conservation Stewardship Program (CStP). Under the Stewardship Program, payments are made after October 1 of each fiscal year for activities completed in the previous fiscal year. Annual payments are considered recurrent payments and participants self-certify that work was completed as scheduled and all other contract provisions were followed. However, NRCS program staff are required to validate the self-certification. States are reminded annually (via a National Bulletin) to perform quality assurance reviews on 10% of all CSP and CStP contracts. If improper payments are detected, contracts are terminated or adjusted as applicable, and a demand letter seeking recovery is sent to the participant. Program staff provide guidance on performing quality assurance reviews, spot checks, and other programmatic issues on a regular basis during monthly video teleconferences, emails, and other directives. The state of AR also issued a state bulletin regarding annual stewardship payments.
NRCS FSRIP	Individual	\$52,500	\$0	\$52,500	The participant was not eligible for the program because AGI requirements were not met.	Overpayment was recovered. No further action is required.	Participants self-certify adjusted gross income on forms completed and submitted by the participant to FSA. Based on this information, FSA determines income eligibility and provides the eligibility determination to NRCS through agency business tools. FSA is currently working with the Internal Revenue Service to validate 2009-2013 income self certifications. FSA has informed NRCS of participants that have been deemed AGI non-compliant. NRCS has issued demand letters to collect improper payments that have been made to AGI non-compliant participants. Additionally, NRCS has made changes to the Protracts software to prevent improper payments from being made to participants that are retroactively determined to be AGI ineligible. NRCS has issued guidance to states via a series of National Bulletins and video teleconferences on how to address AGI eligibility issues.
Risk Management Agency (RMA) Federal Crop Insurance Corporation Program Fund	Entity	\$1,249,398	\$744,097	\$505,301	RMA determined the company was not in compliance with program policy or procedure in computing the premium and indemnity. Specifically, share and acreage certified with FSA differed from the share and acreage reported to RMA, policyholder was incorrectly insured for acreage because it was new ground, producer did not follow good farming practices and did not provide adequate input records to support soybean crop, and insured sold more production than initial measured production for the claim.	RMA instructed the approved insurance providers (AIPs) to adjust accounting records to report the correct premium and indemnity amounts. The AIP has made adjustments to the policyholder accounts. Overpayment was recovered. No further action is required.	RMA performs reviews of the AIPs internal controls related to improper payments during our National Program Operations Reviews of the AIPs. At that time, RMA discusses deficiencies and requests the AIPs to improve their controls and correct errors relative to acreage reports, indemnity calculations, underwriting, etc. RMA uses data mining to identify and spot check anomalous crop insurance policies using expanded data analysis. RMA also assesses appropriate penalties on participating reinsured companies to improve improper payment rates.
Rural Housing Service Rental Assistance Program	Individual	\$55,212.00	\$0.00	\$55,212.00	Individual misreported income on the tenant certification form from 2001 to 2012.	The U.S. District Court in Arkansas has ordered the tenant to repay \$44,532 of the unauthorized overpayment to the Rural Development Centralized Servicing Center.	This was discovered through the use of the State's Department of Labor wage matching system in 2012. Rural Development continues to use this system to verify tenant income reported on Form RD 3560-8, tenant certification.

A high-dollar overpayment is a payment in excess of 50 percent of the intended amount; and
For an individual, the threshold is \$25,000 as a single payment or in cumulative payments for the quarter; or
For an entity, the threshold is \$100,000 as a single payment or in cumulative payments for the quarter.