

U.S. Department of Agriculture Executive Order 13520, "Reducing Improper Payments"  
 High-Dollar Overpayments Report  
 3rd Quarter FY 2016

| Name of Program Responsible                               | 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  |
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| Farm Services Agency (FSA)<br>Livestock Indemnity Program | Individual                       | \$115,875.00   | \$0.00  | \$115,875.00              | Paid incorrect recipient.   | Receivable has been established, and demand letters sent to the producer.  | The County Office employees will conduct 2nd-party reviews to ensure program and eligibility data is accurately entered and reflected on program records and forms prior to issuing program payments.  |
| FSA<br>National Crop Disaster Assistance Program (NAP)    | Individual                       | \$122,083.00   | \$0.00  | \$122,083.00              | Ineligible determination due to Office of Inspector General (OIG) investigation of misrepresented production. | Receivable has been established, and demand letters sent to the producer.  | Referred to OIG - Isolated case of intentional misrepresentation of information. Debt discovery will take place after bankruptcy plan confirmation.  |
| FSA<br>NAP  | Entity                           | \$105,882.00   | \$0.00  | \$105,882.00              | Payment was due to an error in NAP coverage.  | Receivable has been established and demand letters sent to the producer.   | The error was found during a file review. Relief packet has been sent to the national office. Receivable is currently with Kansas City. County office has reviewed policy that caused overpayment to ensure no future overpayments will be made. |
| FSA<br>NAP  | Individual                       | \$25,528.00  | \$0.00  | \$25,528.00               | Total loss of benefits due to acreage variance greater than 1 acre.   | Granted full relief under the Finality Rule and Equitable Relief, FSA-321. | The County Office employees will conduct 2nd-party reviews to ensure program and eligibility data is accurately entered and reflected on program records and forms prior to issuing program payments.  |
| FSA<br>NAP  | Individual                       | \$36,145.00  | \$0.00  | \$36,145.00               | Adjusted Gross Income (AGI) Non Compliance.   | Receivable has been established, and demand letters sent to the producer.  | The end-of-the-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<br>Supplimental Revenue Assistance Program (SURE)     | Individual                       | \$116,621.00   | \$0.00  | \$116,621.00              | Ineligible determination due to OIG investigation of misrepresented production.                               | Receivable has been established, and demand letters sent to the producer.  | Referred to OIG - Isolated case of intentional misrepresentation of information. Debt discovery will take place after bankruptcy plan confirmation.  |

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| FSA<br>SURE   | Individual                       | \$39,766.00  | \$0.00  | \$39,766.00               | SURE workbook data was entered incorrectly by the County Office employee.                                       | Relief Granted by Deputy Administrator for Farm Programs.                      | SURE payments are not authorized in 2014 Farm Bill. No future overpayments should be made.   |
| NRCS<br>Conservation<br>Stewardship Program<br>(CSTP)   | Individual                       | \$26,258.00  | \$4,041.70  | \$22,216.30               | 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. 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 CSP 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 Illinois also issued a state bulletin regarding annual stewardship payments. |
| Natural Resources<br>Conservation Service<br>(NRCS)<br>Environmental<br>Quality Incentive<br>Program (EQIP) | Individual                       | \$112,478.48   | \$0.00  | \$112,478.48              | The participant was not eligible for the program because adjusted gross income (AGI) requirements were not met. | Demand letter has been sent to the payee. The total amount has been recovered. | 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 IRS 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.  |

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| NRCS EQIP                   | Individual                       | \$60,457.06  | \$0.00  | \$60,457.06               | Duplication of payments between contracts  | Demand letter has been sent to the payee.           | The employee that made the improper payment has been reprimanded by the Area Conservationist with a letter of warning. NRCS will have all the Area Conservationists address this issue with all of the field employees at future area meetings.  |
| NRCS EQIP                   | Individual                       | \$29,825.82  | \$9,802.62  | \$20,023.20               | Duplication of payments between contracts. | Demand letter has been sent to the payee.           | In 2012, NRCS conducted Statewide training on our newly developed ProTracts Payment Process. This process includes steps taken by field planners who certify the practices in ProTracts after the field check has been completed. The field planner then fills out the ProTracts Payment Review Checklist and sends this list, along with a certification document that includes before and after pictures of the practices(s) to the local Resource Conservationist. The Resource Conservationist makes sure all items on the Payment Review Checklist are complete and current and reviews the certification documentation for anything that looks unusual or suspect. Once satisfied the payment is proper, the Resource Conservationist approves the item(s) for payment in ProTracts. This process was sent out in a State Bulletin prior to the Statewide training that took place in 2012. A question & answer guide from the training is posted on our State SharePoint site. More recently, in January 2016, NRCS sent a State Bulletin that was also focused on providing guidance to prevent errors that could result in improper payments or invalid obligations. Both employees understand the error that was made, and NRCS believes that they will not make the same mistake again. In the future, NRCS plans to provide more oversight to new employees that may not have been present when payment procedures were put into place or when State Bulletins were issued. NRCS will also provide more training and oversight for employees that switch duties from field planning to contract administrative tasks to ensure they are confident in reviewing payment documentation and are thorough in their review. |

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| NRCS<br>EQIP  | Individual                       | \$32,759.33  | \$0.00  | \$32,759.33               | The participant was not eligible for the program because adjusted gross income (AGI) requirements were not met. | Demand letter has been sent to the payee. The total amount has been recovered.   | 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 IRS 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<br>Wildlife Habitat<br>Incentive Program<br>(WHIP) | Individual                       | \$45,225.16  | \$0.00  | \$45,225.16               | Duplication of payments between contracts.  | Demand letter has been sent to the payee. Billing has been put "On-Hold," as the participant has appealed the decision to the National Appeals Division. | The Field Office was counseled on policy pertaining to multiple contracts on the same land, as well as what constitutes similar practices. The supervisor issued a Letter of Instruction to the employee. Additional oversight has also been placed on that office. The supervisor and the area office are reviewing all contracting activities of the employee and field office until it is determined that actions are taken properly and according to policy.  |

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| Risk Management Agency (RMA)<br>Federal Crop Insurance Corporation<br>Program Fund (FCICPF) | Entity                           | \$121,579.00   | \$14,351.25                                       | \$107,227.75              | The Farm Service Agency (FSA) sent an FSA RMA Handbook: FCIC Program Integrity-4-RM referral to RMA questioning the planting date of winter wheat for 2014. The Approved Insurance Provider (AIP) reviewed the policy in question and expanded their scope to 2013 soybeans and cotton along with the 2014 winter wheat. The producer was unable to establish his total production and acreage per the policy. | RMA collected the overpayment as verified on the Policyholder Inquiry Report.  | RMA will continue to work with FSA with 4-RM referrals, to ensure that the AIPs are conducting activities in accordance with the Standard Reinsurance Agreement (SRA), and FCIC-approved policies and procedures.            |
| RMA<br>FCICPF   | Entity                           | \$700,330.00   | \$0.00  | \$700,330.00              | RMA conducted a national program review of the AIP and found the AIP failed to properly service and conduct quality control activities in accordance with the SRA and FCIC-approved policies and procedures. The AIP did not properly identify the insured units as high-risk land, which resulted in incorrect Transitional (T) Yields being used in Actual Production History databases.                     | RMA collected the overpayments. The AIP made all corrections to the units' land classification and provided documentation requested by RMA. The AIP corrected the premium and indemnity amounts as were reflected on the 2006 Reinsurance Year Annual Accounting Report. | RMA will continue with its national program reviews of AIPs to ensure quality control reviews are taking place and that AIPs are conducting activities in accordance with the SRA and FCIC-approved policies and procedures. |

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| RMA<br>FCICPF               | Entity                           | \$428,596.00   | \$0.00  | \$428,596.00              | RMA conducted a national program review of the AIP and found the AIP failed to identify and conduct appropriate appraisals as required by the SRA prior to accepting coverage. The failure was a violation of the 2012 SRA and precipitated a denial of reinsurance.  | RMA collected the overpayment as verified by the AIP's adjustments on the applicable 2012 Reinsurance Year FCIC Accounting Settlement Reports. | RMA will continue with its national program reviews of AIPs to ensure quality control reviews are taking place and that AIPs are conducting activities in accordance with the SRA and FCIC-approved policies and procedures. |
| RMA<br>FCICPF               | Entity                           | \$678,297.00   | \$79,917.00                                       | \$598,380.00              | An OIG referral was sent to RMA, looking into producers' corn that was infected with aflatoxin at levels greater than 20 parts per billion but less than the maximum Food and Drug Administration (FDA) advisory level. It was being intentionally undervalued by elevators expressly for the purpose of expediting and/or increasing crop insurance payments. In addition there were understated values, and violations of FCIC policies and procedures, which compromised the integrity of test results and the subsequent adjustments to production. | A settlement agreement was reached, and payment has been made to RMA.  | RMA will continue to perform reviews on any policies that OIG refers for suspected fraud, waste, and abuse.  |

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| RMA<br>FCICPF               | Entity                           | \$899,290.00   | \$0.00  | \$899,290.00              | A 2008 RMA hotline case initiated by OIG found the policyholder applied RIDEX (drain cleaner) to potatoes while in storage to cause them to rot.  | This case was prosecuted and the subjects were found guilty in a ND court in Dec 2014. The court issued a restitution order. | RMA will continue to work with OIG on receiving hotline complaints. The policyholders were placed indefinitely on the suspension and debarment list. RMA continues with fraud-awareness briefings to AIP and producer groups. RMA also continues with its data mining efforts in search of anomalies. |
| RMA<br>FCICPF               | Entity                           | \$134,020.00   | \$86,878.00                                       | \$47,142.00               | RMA conducted a 2015 Apple Review. The producer failed to provide production evidence sufficient to show at least 50 percent of apple production (for five of nine units insured for fresh coverage in 2015) was sold as "fresh" in any of the previous 4 crop years. | RMA collected the overpayment from the insurance company as verified on the FCIC Annual Settlement Report.                   | RMA will continue to conduct reviews of fresh apple acres on producers to prevent fraud, waste, and abuse in the FCIC.  |