

U.S. Department of Agriculture Executive Order 13520, "Reducing Improper Payments"

High-Dollar Overpayments Report

4th Quarter FY 2015

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
Farm Services Agency (FSA) Non- Insured Crop Disaster Assistance Program payment (NAP)	Entity	\$161,156	\$68,356	\$92,800	Improper acreage and Actual Production History (APH) were used to calculate the Non- Insured Crop Disaster Assistance Program payment (NAP).	Receivable has been established and demand letters sent to the producer.	County office (COF) will review the procedures for issuing NAP benefits. This review is to include obtaining all signatures on required documents, correctly and timely calculating APHs, calculating production, and using the correct acreage when calculating the payment. In the future, the COF will ensure all NAP requirements are met before issuing the NAP payment.
FSA NAP	Individual	\$37,962	\$23,935	\$14,027	COF staff incorrectly applied the unharvested factor and Maximum Average Loss Level (MALL).	Granted full relief under the Finality Rule and Equitable Relief, FSA-321.	The State Office has provided more guidance to COF employees on the application of MALLs and unharvested factors to reduce future errors.
FSA NAP	Individual	\$30,196	\$0	\$30,196	Adjusted Gross Income (AGI) Compliance Review process determined producer or entity ineligible.	Receivable has been established and demand letters sent to the producer.	The end of the year review was completed according to the existing policies. COF employees will continue to inform the producers of the importance of completing AGI certifications correctly. Customers are continually advised of program AGI requirements . COF will review AGI requirements with customers and ensure document is loaded correctly.
FSA Supplemental Revenue Assistance Payments (SURE)	Individual	\$30,963	\$8,875	\$22,088	COF staff made a manual data entry error in SURE workbook.	Granted full relief under the Finality Rule and Equitable Relief, FSA-321.	COF 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.

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FSA SURE	Individual	\$77,410	\$0	\$77,410	SURE workbook data was entered incorrectly by the COF staff.	Producer had filed an appeal and was granted relief due to county office error.	COF 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 SURE	Entity	\$100,000	\$0	\$100,000	AGI Non-Compliance.	Receivable has been established and demand letters sent to the producer.	Continue to inform the producers of the importance of completing AGI certifications correctly. Customers are continually advised of program AGI requirements. COF employees will review AGI requirements with customers and ensure document is loaded correctly.

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Natural Resources Conservation Service (NRCS) Conservation Stewardship Program (CSTP)	Individual	\$33,845	\$0	\$33,845	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 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 provides guidance on performing quality assurance reviews, spot checks, and other programmatic issues on a regular basis during monthly video teleconferences, emails, and other directives. Each year the NRCS Arkansas State Office issues a bulletin regarding stewardship payments.

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NRCS CStP	Individual	\$29,454	\$0	\$29,454	The participant did not have control over the acres for which he was paid.	Demand letter has been sent to the payee.	Under 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 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 is 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 provides guidance on performing quality assurance reviews, spot checks, and other programmatic issues on a regular basis during monthly video teleconferences, emails, and other directives. Each year, the NRCS Arkansas State Office issues a bulletin regarding stewardship payments.

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NRCS CStP	Individual	\$43,292	\$0	\$43,292	Payment was released to an individual that was not registered in the System for Awards Management (SAM.gov) at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August, 2015 for Protracts to check SAM.gov automatically at obligation and payment.
NRCS CStP	Entity	\$174,658	\$0	\$174,658	Payment was released to an entity that was not registered in SAM.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August, 2015 for Protracts to check SAM.gov automatically at obligation and payment.

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NRCS Environmental Quality Incentive Program (EQIP)	Entity	\$193,140	\$0	\$193,140	The participant was not eligible for the program because AGI requirements were not met.	Demand letter has been sent to the payee.	Participants self-certify AGI 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	\$35,928	\$0	\$35,928	The participant was not eligible for the program because AGI requirements were not met.	Demand letter has been sent to the payee.	Participants self-certify AGI 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 EQIP	Entity	\$169,740	\$0	\$169,740	Payment was released to an entity that was not registered in SAM.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August 2015 for Protracts to check SAM.gov automatically at obligation and payment.

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NRCS EQIP	Entity	\$105,581	\$0	\$105,581	Payment was released to an entity that was not registered in SAM.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August 2015 for Protracts to check SAM.gov automatically at obligation and payment.
NRCS EQIP	Entity	\$211,555	\$0	\$211,555	Payment was released to an entity that was not registered in SAM.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August 2015 for Protracts to check SAM.gov automatically at obligation and payment.
NRCS EQIP	Entity	\$103,626	\$0	\$103,626	Payment was released to an entity that was not registered in SAM.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August, 2015 for Protracts to check SAM.gov automatically at obligation and payment.

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NRCS EQIP	Entity	\$149,897	\$0	\$149,897	Payment was released to an entity that was not registered in SAM.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August, 2015 for Protracts to check SAM.gov automatically at obligation and payment.
NRCS Farmland Ranchland Protection Program	Entity	\$422,500	\$0	\$422,500	Payment was released to an entity that was not registered in SAM.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August, 2015 for Protracts to check SAM.gov automatically at obligation and payment.
NRCS Small Watershed Rehabilitation Program	Entity	\$797,706	\$352,706	\$445,000	Paid the wrong vendor.	Demand letter has been sent to the payee.	The National Accounts Payable Service Team (NAPST) will make all future payments. NAPST has a tracking tool in place which should prevent future payments sent to incorrect vendors.

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NRCS WRPG	Entity	\$183,901	\$0	\$183,901	Payment was released to an entity that was not registered in sam.gov at the time the payment was made.	Program staff is ensuring that the participant is registered prior to making any additional payments and they are working to get equitable relief from prior payments made without a valid registration. Recovery will be used as a last resort.	NRCS implemented a feature in August 2015 for Protracts to check SAM.gov automatically at obligation and payment.
NRCS WRPG	Entity	\$29,963,406	\$0	\$29,963,406	The owner did not own the land for the length of time required to meet program requirements.	NRCS did not complete the required process to waive the ownership time requirements allowed by 7 CFR 1467. Program management and the NRCS CFO reviewed the improper payment, determined that this property would have been eligible to receive a waiver, and decided that the Staff Office will submit a waiver request to the Chief for post approval. The state is in the process of completing the waiver package.	The implementation of Easements Internal Controls Certification in January 2015 provides an improved level of quality assurance before closing on easements. Additionally, all easements applications with amounts of \$250,000 or greater are now forwarded to the National Headquarters for review.

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Risk Management Agency (RMA) Federal Crop Insurance Corporation Program Fund (FCICPF)	Entity	\$347,306	\$14,809	\$332,497	The Approved Insurance Provider (AIP) did not conduct an underwriting or quality control review in accordance with FCICPF procedures which resulted in an indemnity overpayment.	RMA verified the AIP corrected and returned the indemnity overpayment to RMA.	RMA selected this policy for review because the AIP previously did not conduct an underwriting review of the policyholder's insurance year 2009 policy in accordance with the AGR Standards Handbook. RMA will continue to perform follow-up reviews of AIPs showing a pattern and practice of not following procedures.
RMA FCICPF	Entity	\$175,858	\$497	\$175,361	There were two reasons for the overpayments: (1) During the Improper Payment Elimination and Recovery Act (IPERIA) policy review, RMA found the acres for a particular policy were over-reported in Crop Year 2013 resulting in an overstatement of premium; and (2) Office of Inspector General (OIG) hotline complaints identified hidden production so producers could file false claims.	(1) RMA issued a finding to the AIP who corrected the premium overstatement resulting from the over-reported acres. (2) The AIP voided the producers' 2012 crop year policies based on misrepresentation. The producer reimbursed the AIP for the indemnity overpayments, and the AIP returned the Indemnity overpayments to RMA at the closure of the hotline complaints.	(1)The policy review was initiated as a part of the nationwide IPERA review for crop year 2013. RMA will continue to perform policy reviews as part of its improper payment reviews. (2) RMA will continue to investigate OIG hotline compliants.