

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

High-Dollar Overpayments Report

4th 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
Farm Services Agency (FSA) Livestock Forage Program	Entity	\$303,792.00	\$0.00	\$303,792.00	Adjusted Gross Income (AGI) Compliance Review process determined entity ineligible.	Receivable has been established, and a demand letter has been sent to the producer.	The end of the year review was completed according to existing policies. AGI compliance will be checked before program payments are issued, which will prevent and/or mitigate overpayments in the future.
FSA National Crop Disaster Assistance Program (NAP)	Entity	\$236,490.00	\$0.00	\$236,490.00	AGI Compliance Review process determined entity was ineligible.	Receivable has been established, and a demand letter has been sent to the producer.	The end of the year review was completed according to the existing policies. AGI compliance will be checked before program payments are issued, which will prevent and/or mitigate overpayments in the future.
FSA NAP	Individual	\$41,119.00	\$17,499.00	\$23,620.00	The County Office employees used incorrect loss percentages.	Overpayment recovered. No further action required.	The County Office employees will conduct 2nd party reviews to ensure the correct loss percentages and county information are accurately entered.

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Natural Resources Conservation Service (NRCS) Conservation Stewardship Program (CStP)	Individual	\$33,336.00	\$0.00	\$33,336.00	The participant loss control of land.	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 (FY). Since these payments are made in advance of practice implementation, improper payments are sometimes detected via annual quality assurance reviews, but they 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 CSP has now been replaced by the Conservation Stewardship Program (CStP).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 CStP, payments are made after October 1 of each FY for activities completed in the previous FY. 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 self-certifications. States are reminded annually (via a National Bulletin) to perform quality assurance reviews on 10% of all CSP and CStP contracts. The program staff conduct these quality reviews once a year and are completed within each fiscal year. 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 issued a State bulletin regarding annual stewardship payments.
NRCS CStP	Individual	\$29,766.00	\$0.00	\$29,766.00	NRCS employee did not verify that the participant's Operator of Record was accurate, therefore, payment was made to incorrect entity.	Demand letter has been sent to the payee.	The State Office will provide additional guidance requiring staff to review the eligibility criteria before issuing payment.

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NRCS CSiP	Individual	\$27,186.00	\$0.00	\$27,186.00	Payment issued to deceased individual.	Demand letter has been sent to the payee.	The program manager issued an article in Montana News, a weekly news brief to all Montana NRCS employees regarding the importance of decreasing improper payments. The State Office will also provide additional training to all employees that are responsible for reviewing payments.
NRCS Wildlife Habitat Incentive Program	Individual	\$50,662.34	\$261.06	\$50,401.28	Duplication of payments between contracts.	Demand letter has been sent to the payee.	Field Office staff have been counseled on policy pertaining to multiple contracts on the same land. The area office implemented a secondary review of contracts prior to obligation.

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Risk Management Agency (RMA) Federal Crop Insurance Corporation Program Fund (FCICPF)	Entity	\$109,479.00	\$70,351.00	\$39,128.00	<p>This is a cumulative overpayment for several policies:</p> <ul style="list-style-type: none"> • The adjuster failed to correctly determine the amount of soybeans stored in a grain bin at time of loss, and error resulted in an indemnity overpayment; • The loss adjusters incorrectly determined the "production to count" on three of the units for the 2012 corn claim, and the error resulted in an indemnity overpayment; • The Approved Insurance Provider (AIP), agent and adjuster failed to divide properly the shares for the insured and the landlord for the 2012 crop year, which resulted in a premium overstatement and indemnity overpayment; • An insured's 2012 corn loss was finalized using incorrect "production to count" and annual production history records for crop years 2010, 2011, and 2012, and it was found that the hard copy production evidence by section did not support totals originally certified; and • An insured's loss documents provided by the AIP contained insufficient information to verify the production count used to determine 2012 forage production. 	RMA collected the overpayments and verified corrections on the Policyholder Inquiry Report.	RMA will continue with AIP performance reviews to determine whether AIPs are conducting activities in accordance with the Standard Reinsurance Agreement (SRA) and Federal Crop Insurance Corporation (FCIC) approved policies and procedures.

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RMA FCICPF	Entity	\$123,156.00	\$0.00	\$123,156.00	The insured entity did not meet the requirements to qualify for an adjusted gross revenue (AGR) policy for 2003. This occurred because the AIP misinterpreted the eligibility requirements of the policy. The policy was not valid.	After an appeal, a settlement was issued and payment was made to RMA.	RMA will continue with AIP performance reviews to determine whether AIPs are conducting activities in accordance with the SRA- and FCIC-approved policies and procedures.
RMA FCICPF	Entity	\$137,000.00	\$0.00	\$137,000.00	The insured entity did not meet the requirements to qualify for an AGR policy for 2003. This occurred because the AIP misinterpreted the eligibility requirements of the policy.	After an appeal, a settlement was issued and payment was made to RMA.	RMA will continue with AIP performance reviews to determine whether AIPs are conducting activities in accordance with the SRA- and FCIC-approved policies and procedures.
RMA FCICPF	Entity	\$240,014.00	\$0.00	\$240,014.00	The insured entity did not meet the requirements to qualify for an AGR policy for 2003. This occurred because the AIP misinterpreted the eligibility requirements of the policy.	After an appeal, a settlement was issued and payment was made to RMA.	RMA will continue with AIP performance reviews to determine whether AIPs are conducting activities in accordance with the SRA- and FCIC-approved policies and procedures.
RMA FCICPF	Entity	\$335,699.00	\$35,889.00	\$299,810.00	The insured entity did not meet the requirements to qualify for an AGR policy for 2003. This occurred because the AIP misinterpreted the eligibility requirements of the policy.	After an appeal, a settlement was issued and payment was made to RMA.	RMA will continue with AIP performance reviews to determine whether AIPs are conducting activities in accordance with the SRA- and FCIC-approved policies and procedures.
RMA FCICPF	Entity	\$2,262,902.00	\$412,884.00	\$1,850,018.00	The insured entity did not meet the requirements to qualify for an AGR policy for 2003. This occurred because the AIP misinterpreted the eligibility requirements of the policy.	After an appeal, a settlement was issued and payment was made to RMA.	RMA will continue with AIP performance reviews to determine whether AIPs are conducting activities in accordance with the SRA- and FCIC-approved policies and procedures.
RMA FCICPF	Entity	\$621,165.00	\$412,643.00	\$208,522.00	Prevented Planting producers applied for Prevented Planting based on excessive moisture. It was determined that the county did not experience excessive moisture.	After an appeal, a settlement was issued and payment was made to RMA.	RMA will continue with AIP performance reviews to determine whether AIPs are conducting activities in accordance with the SRA- and FCIC-approved policies and procedures.

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RMA FCICPF	Entity	\$215,380.00	\$101,642.00	\$113,738.00	A Regional Office determined that an AIP had been adjusting citrus fruit claims for freeze damage during the 2010 and 2011 crop years, which was not in accordance with approved procedures.	RMA collected the overpayment and verified corrections on the Policyholder Inquiry Report.	RMA will continue to receive referrals from its regional offices and conducting reviews in accordance with the Loss Adjustment Standards Handbook and with the SRA- and FCIC-approved policies and procedures.
RMA FCICPF	Entity	\$153,866.00	\$58,301.00	\$95,565.00	A Regional Office determined that an AIP had been adjusting citrus fruit claims for freeze damage during the 2010 and 2011 crop years, which was not in accordance with approved procedures.	RMA collected the overpayment and verified corrections on the Policyholder Inquiry Report.	RMA will continue to receive referrals from its regional offices and conduct reviews in accordance with the Loss Adjustment Standards Handbook and the SRA- and FCIC-approved policies and procedures.
RMA FCICPF	Entity	\$517,238.00	\$230,919.00	\$286,319.00	This is a cumulative overpayment for several policies: <ul style="list-style-type: none"> • A Regional Office determined that an AIP had been adjusting citrus fruit claims for the 2010 and 2011 crop years for freeze damage that was not in accordance with approved procedures; • Multiple AIPs insuring and paying indemnities on unrated land as classified by the actuarial maps without a written agreement; and • The Center for Agriculture Excellence Spot Check List showed an FSA County Office advised that henbit and bindweed were present and not a uniform standard, and that the FCIC statistical data shows not all of the acreage on a unit was included in the computation of the indemnity. 	RMA verified the corrections for the errors and advised the AIP to make corrections on an accounting report and file it with the Reinsurance Accounting and Operations Branch.	RMA will continue to receive referrals from its regional offices and conduct reviews in accordance with the Loss Adjustment Standards Handbook and in accordance with the SRA- and FCIC-approved policies and procedures. RMA will continue to conduct spot check reviews in accordance with the SRA- and FCIC-approved policies and procedures.

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RMA FCICPF	Entity	\$155,952.00	\$14,747.00	\$141,205.00	The Center for Agricultural Excellence conducted an analysis of tobacco policies in crop years 2008-2011 in Florida, Georgia, and South Carolina, where producers reported a deficiency of at least 50,000 lbs. A final finding was issued to the AIP and the AIP proceeded with civil action against the producers.	A judgement was issued to enforce the civil action on the producers from the AIP for recovery of the debt. The civil action documentation was filed with the Reinsurance Accounting and Operations Branch for collection.	RMA will continue to conduct tobacco reviews, data mining reviews, and reviews of poor farming practices from referrals in accordance with the SRA- and FCIC-approved policies and procedures. RMA will continue to conduct spot check reviews in accordance with the SRA- and FCIC-approved policies and procedures. The insured will not be eligible to participate in FCIC programs until the debt is paid, bankruptcy established, or a payment agreement is entered.
RMA FCICPF	Entity	\$368,720.00	\$224,681.00	\$144,039.00	A referral alleged late planting and poor weed control on a producer's 2015 wheat and poor farming practices. A review was initiated based on a Supplemental Revenue Assistance Payments Program referral from the FSA. RMA conducted a land classification data mining review to determine if unrated land had been insured without an appropriate written agreement in force.	RMA verified that the adjustments were made in the database and corrected accounting reports were filed with the Reinsurance Accounting and Operations Branch for payment.	RMA will continue to receive referrals from its Regional Offices and conducting reviews in accordance with the Loss Adjustment Standards Handbook and in accordance with the SRA- and FCIC-approved policies and procedures. RMA will continue to conduct spot check reviews in accordance with the SRA- and FCIC-approved policies and procedures.

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RMA FCICPF	Entity	\$428,945.00	\$244,996.00	\$183,949.00	<p>This is a cumulative overpayment for several policies:</p> <ul style="list-style-type: none"> • The AIP submitted a referral based on a review of a claim that identified discrepancies that led them to reasonably suspect misrepresentation, fraud, waste, or abuse on the part of the producer; • Plant dates, acreage, and production discrepancies identified that the producer was not able to explain or provide verifying records; • Four producers were reviewed who did not request the required underwriting reviews for added land exceeding 640 cropland acres a county in crop year 2015; and • Producers insured 2014 corn and/or soybeans on unrated land without a written agreement. 	<p>RMA verified that the adjustments were made in the database and corrected accounting reports were filed with the Reinsurance Accounting and Operations Branch for payment.</p>	<p>RMA will continue to receive referrals from its Regional Offices and conducting reviews in accordance with the Loss Adjustment Standards Handbook and in accordance with the SRA- and FCIC-approved policies and procedures. RMA will continue to conduct spot check reviews in accordance with the SRA- and FCIC-approved policies and procedures.</p>
Rural Housing Service Section 521 Rental Assistance (RA)	Entity	\$209,863.00	\$0.00	\$209,863.00	<p>The entity/borrower is responsible to provide supporting documentation on the behalf of tenants, where RA payments are made. Information for some of the tenants at the property was not available, omitted, missing, or incomplete. As a result, the amount of authorized assistance could not be determined for some tenants, and the RA payments are considered improper.</p>	<p>Following mediation, appeals, and settlement proceedings, RD and the entity/borrower have agreed on the amount to be repaid for unauthorized rental assistance.</p>	<p>Since this was discovered during an unscheduled supervisory visit to the property, Rural Development will continue to conduct these visits to verify income information on Form RD 3560-8, Tenant Certification.</p>