

IMPROPER PAYMENT CORRECTIVE ACTIONS SECTION

In the spring of 2019, USDA agencies analyzed transactions from previous years as described in the Agency Financial Report's sampling section and the results are published in the FY 2019 AFR. Please keep in mind that since USDA reports improper payments one year in arrears, corrective actions taken to reduce improper payments in FY 2019 have not been reflected in the improper payment amount of this report. USDA continues to enact specific corrective actions to resolve root causes of improper payments and strategically strengthen program integrity while ensuring access to program and activities.

Programs and activities determined to have improper payments exceeding the susceptible to significant improper payment threshold (per OMB-18-20) must put in place a corrective action plan to prevent and reduce the improper payment amount. The tables below describe the actions taken and planned for each high-risk program that is above the aforementioned reporting threshold. Beginning in FY 2019, USDA asked high-risk programs reporting over the statutory threshold to categorize improper payments into "sub root causes" which provide an additional breakdown of the OMB root causes of error. The goal of the sub root cause is to help USDA obtain a clearer understanding of what truly caused the improper payments to occur.

OMB-18-20, states: "Agencies should also describe the results of actions taken to address the root causes and the planned or actual completion date of the actions taken to address each root cause." Some of the corrective actions offer an indication of the impact it will have on addressing a root cause; however, in most cases, a series of corrective actions have cumulative impacts in improving payment accuracy.

Program Corrective Actions Table (\$ in Millions)

PROGRAM: FSA ARC/PLC

Root Cause (See Root Cause Table)	→	Administrative or Process Error Made by Federal Agency
USDA's Sub Root Cause	→	<ul style="list-style-type: none"> • Acreage reports were filed late. • Contracts were approved in software, but no official documentation existed to support the approval. • Producer did not sign contract timely. • Form 861, Price Loss Coverage and Agriculture Risk Coverage with County Option Program Contract was not on file prior to payment being made. • Historical Irrigated Percentage (HIP) was not filed prior to payment being issued.
Amount Associated with the Root Cause (See Root Cause Table)	→	\$250.26
Corrective Actions		Completion Date
National Farm Bill training was held August 5-9, 2019 in Phoenix that addressed improper payment findings. Root causes of improper payments were stressed throughout several presentations.		August 2019
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.		September 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.		January 2020
A notice will be issued identifying this finding and reiterating the applicable policy.		November 2019

PROGRAM: FSA ARC/PLC

Root Cause (See Root Cause Table)	→	Insufficient Documentation to Determine
USDA's Sub Root Cause	→	<ul style="list-style-type: none"> Form CCC-902, Continuation Sheet for Leased or Owned Land, was not on file. CCC-903 did not support the facts on CCC-902. County office did not document landowner's zero share on contract. AD-1026, Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification, was not on file prior to payment being issued. CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information was not on file prior to payment being issued.
Amount Associated with the Root Cause (See Root Cause Table)	→	\$354.18
Corrective Actions		Completion Date
National Farm Bill training was held August 5-9, 2019 in Phoenix that addressed improper payment findings. Root causes of improper payments were stressed throughout several presentations.		August 2019
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.		September 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.		January 2020
A notice will be issued identifying this finding and reiterating the applicable policy.		November 2019

PROGRAM: FSA ARC/PLC

Root Cause (See Root Cause Table)	➔	Failure to Verify-Income Data
USDA's Sub Root Cause	➔	<ul style="list-style-type: none"> Unauthorized signature presented. Each producer's share in base acres was not supported by certified cropland on FSA-578, Report of Acreage. CCC-903 documentation was not on file before payment was issued.
Amount Associated with the Root Cause (See Root Cause Table)	➔	\$7.56

Corrective Actions	Completion Date
National Farm Bill training was held August 5-9, 2019 in Phoenix that addressed improper payment findings. Root causes of improper payments were stressed throughout several presentations.	August 2019
Deputy Administrators will reiterate the importance of following existing policies regarding signing and approving contracts before indicating approval in the applicable system to State Office leadership through weekly or bi-weekly leadership calls.	September 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.	January 2020
A notice will be issued identifying this finding and reiterating the applicable policy.	November 2019

PROGRAM: FSA ECP HH	
Root Cause (See Root Cause Table)	→ Data Needed Does Not Exist
USDA's Sub Root Cause	→ <ul style="list-style-type: none"> • Data to support payment eligibility was not on file. • Agricultural market value/cost-share per acre worksheet is not on file.
Amount Associated with the Root Cause (See Root Cause Table)	→ \$0.11
Corrective Actions	Completion Date
FSA will conduct National Conservation Program Training in late 2019 and the root causes of improper payments will be stressed throughout several presentations reiterating the importance of issuing proper payments. Concurrently, an updated internal review process will be developed that will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied. This will be reiterated through amended handbooks.	November 2019

PROGRAM: FSA ECP HH	
Root Cause (See Root Cause Table)	→ Failure to Verify-Other Eligibility
USDA's Sub Root Cause	→ <ul style="list-style-type: none"> • Documentation to support participant eligibility was not on file. • Statement of producer's own contribution is not on file or is inadequate. • Cost-share agreement is not reviewed and/or approved by the applicable authority. • Cost-share payment is issued without AD-1026 on file. • CCC-902 is not on file for participant receiving payment.
Amount Associated with the Root Cause (See Root Cause Table)	→ \$0.55
Corrective Actions	Completion Date
FSA will conduct National Conservation Program Training in late 2019 and the root causes of improper payments will be stressed throughout several presentations reiterating the importance of issuing proper payments. Concurrently, an updated internal review process will be developed that will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied. This will be reiterated through amended handbooks.	November 2019

PROGRAM: FSA ECP HH

Root Cause (See Root Cause Table)	➔	Administrative or Process Error Made by Federal Agency
USDA's Sub Root Cause	➔	<ul style="list-style-type: none"> • Data entry errors occurred. • Eligible cost of practice or component is calculated incorrectly. • Ineligible cost is included in the calculation of cost-share earned. • Cost-share payment is issued for ineligible land. • Cost-share performance certification is not on file.
Amount Associated with the Root Cause (See Root Cause Table)	➔	\$1.53
Corrective Actions		Completion Date
FSA will conduct National Conservation Program Training in late 2019 and the root causes of improper payments will be stressed throughout several presentations reiterating the importance of issuing proper payments. Concurrently, an updated internal review process will be developed that will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied. This will be reiterated through amended handbooks.		November 2019

PROGRAM: FSA ECP HH

Root Cause (See Root Cause Table)	➔	Insufficient Documentation to Determine
USDA's Sub Root Cause	➔	<ul style="list-style-type: none"> • Documentation to support payment eligibility was not on file. • Evidence to determine proper cost-share payment is not obtained or is inadequate. • Cost-share performance certification and/or payment approval does not support practice and/or component extent performed.
Amount Associated with the Root Cause (See Root Cause Table)	➔	\$0.78
Corrective Actions		Completion Date
FSA will conduct National Conservation Program Training in late 2019 and the root causes of improper payments will be stressed throughout several presentations reiterating the importance of issuing proper payments. Concurrently, an updated internal review process will be developed that will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied. This will be reiterated through amended handbooks.		November 2019

PROGRAM: FSA LFP	
Root Cause (See Root Cause Table)	→ Data Needed Does Not Exist
USDA's Sub Root Cause	→ County offices are not following Livestock Disaster Assistance Program (1-LDAP) policy in regarding the requirement that an acceptable written lease, rental agreement, or CCC-855 Lease Certification Statement must be on file, and proper eligibility determinations documented prior to issuing payment.
Amount Associated with the Root Cause (See Root Cause Table)	→ \$16.92
Corrective Actions	Completion Date
National Livestock Disaster Program training was held in May 2019 and subsequent state training followed. The applicable policy requirements were discussed in detail along with examples.	May 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.	January 2020
Policy will be reiterated through amended handbooks and National training.	November 2019

PROGRAM: FSA LFP

Root Cause (See Root Cause Table)	→	Failure to Verify-Income Data
USDA's Sub Root Cause	→	<ul style="list-style-type: none"> • Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income (5-PL) policy is not being followed. • Average Adjusted Gross Income (AGI) Certification Statement and Consent to Disclosure of Tax Information (CCC-941s) is not properly completed. • CCC-941 for all members of an entity is not completed prior to issuing a payment.
Amount Associated with the Root Cause (See Root Cause Table)	→	\$2.49
Corrective Actions		Completion Date
National Farm Bill training was held August 5-9, 2019 in Phoenix that addressed improper payment findings. Root causes of improper payments were stressed throughout several presentations.		August 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.		January 2020
Policy will be reiterated through amended handbooks and National training.		November 2019

PROGRAM: FSA LFP	
Root Cause (See Root Cause Table)	→ Administrative or Process Error Made by Federal Agency
USDA's Sub Root Cause	→ Incorrect forage information was used to calculate payment.
Amount Associated with the Root Cause (See Root Cause Table)	→ \$15.27
Corrective Actions	Completion Date
Livestock Forage Disaster Assistance Program (LFP) software was updated in 2018 to integrate the Crop Acreage Reporting System (producer reported crop acreage data) into the LFP application system. Since this update was not complete until the later part of the 2018 application year (FY 2019 reviews), this error should significantly be reduced in the FY 2020 review.	October 2018
Conducted National Livestock Disaster Program Training in May 2019, which covered the importance of foundational building blocks which included the farm records policies and procedures applicable to LFP and other disaster programs.	May 2019
National Farm Records Training was conducted in August 2019 to clarify the system and policies in place for properly delineating acreage including ineligible acreage.	August 2019
A "Quick Reference/Review" PowerPoint presentation will be developed. A plan is in place to work with the national farm records specialist to develop a power point presentation that will serve as a learning tool that each State can use. The presentation will stress the importance of ensuring county offices are following proper delineation policy in Farm Records and Reconstitutions Handbook (10-CM) and will be a quick refresher course on LFP implementation.	January 2020
The CCC-770 LFP Checklist will be updated to help identify common errors prior to issuing payments.	September 2019
A notice will be issued identifying these errors and the applicable policy will be reiterated.	November 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.	January 2020

Corrective Actions Continued for LFP	Completion Date
Program managers, compliance division, and program delivery branch are in the process of identifying areas where software can be enhanced to mitigate these errors, policy clarified, and training provided. NOTE: Software enhancements are contingent upon budget.	September 2020

PROGRAM: FSA LFP

Root Cause (See Root Cause Table)	➔	Insufficient Documentation to Determine
USDA's Sub Root Cause	➔	<ul style="list-style-type: none"> • Acreage and Compliance Determination (2-CP) policy on proper steps to accept and document late filed Report of Acreage (FSA-578) was not followed. • Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income (5-PL) policy on the proper completion of Farm Operating Plan (CCC-902) was not followed. • County Committee determinations (CCC-903) was not filed prior to payment being issued.
Amount Associated with the Root Cause (See Root Cause Table)	➔	\$52.86

Corrective Actions	Completion Date
National Farm Bill training was held August 5-9, 2019 in Phoenix that addressed improper payment findings. Root causes of improper payments were stressed throughout several presentations.	August 2019
A notice will be issued identifying these errors and referencing applicable policy.	November 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.	January 2020

PROGRAM: FSA NAP

Root Cause (See Root Cause Table)	→	Data Needed Does Not Exist
USDA's Sub Root Cause	→	<ul style="list-style-type: none"> FSA field employees are not following handbook 1-NAP (Rev. 2) policy regarding the requirement that an acceptable written lease or rental agreement and proper eligibility documents are provided prior to issuing payment. Sufficient information was available to determine the participant's eligibility (based on staff or County FSA Committee (COC) knowledge) to receive payment; however, it was not documented sufficiently.
Amount Associated with the Root Cause (See Root Cause Table)	→	\$1.62
Corrective Actions		Completion Date
National Farm Bill training was held August 5-9, 2019 in Phoenix that addressed improper payment findings. Root causes of improper payments were stressed throughout several presentations.		August 2019
The use of the CCC-855 for assistance in documenting lease or rental arrangements will be incorporated into NAP policy with the next handbook amendment.		September 2019
A notice will be issued identifying the applicable errors and referencing policy.		November 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.		January 2020

PROGRAM: FSA NAP

Root Cause (See Root Cause Table)	➔	Failure to Verify-Income Data
USDA's Sub Root Cause	➔	FSA field employees are not following handbook 5-PL policy and requiring the participant to complete CCC-941s (Adjusted Gross Income certification) or getting a CCC-941 for all members of an entity prior to issuing a payment.
Amount Associated with the Root Cause (See Root Cause Table)	➔	\$0.18
Corrective Actions		Completion Date
National NAP Train-the-Trainer training was conducted in August 2019. Field office staff were trained on the importance of producer certification supporting documentation, and it being on file before the automated system is updated.		August 2019
A notice will be issued identifying this error and reiterating the applicable policy.		November 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.		January 2020

PROGRAM: FSA NAP	
Root Cause (See Root Cause Table)	→ Failure to Verify-Other Eligibility
USDA's Sub Root Cause	→ <ul style="list-style-type: none"> • Handbook 5-PL policy which requires participants to complete the required CCC-902, Producer Farm Operating Plan is not being followed. • Documenting the determination on the CCC-903, County FSA Committee (COC) determination is not being done.
Amount Associated with the Root Cause (See Root Cause Table)	→ \$0.20
Corrective Actions	Completion Date
National Farm Bill training was held August 5-9, 2019 in Phoenix that addressed improper payment findings. Root causes of improper payments were stressed throughout several presentations.	August 2019
Software currently does not read the validity of the CCC-903 to meet the payment eligibility requirements. Software enhancements are being discussed to require the Business File records to be read during the NAP payment process.	March 2020
National NAP Train-the-Trainer training was conducted in August 2019. Field office staff were trained on the importance of producer certification supporting documentation, and it being on file before the automated system is updated.	August 2019
A notice will be issued identifying this error and reiterating the applicable policy.	November 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.	January 2020

PROGRAM: FSA NAP

Root Cause (See Root Cause Table)	➔	Administrative or Process Error Made by Federal Agency
USDA's Sub Root Cause	➔	Payment was processed despite lack of sufficient documentation to justify the participant's eligibility to receive payment.
Amount Associated with the Root Cause (See Root Cause Table)	➔	\$18.03
Corrective Actions		Completion Date
The Agency will begin requiring the completion of the CCC-770 NAP Checklist prior to issuing a NAP payment. Currently, the completion of the CCC-770 NAP is discretionary. This form requires two employees to review all documents associated with a payment before it is issued.		September 2019
National NAP Train-the-Trainer training was conducted in August 2019. Field office staff were trained on the importance of producer certification supporting documentation, and it being on file before the automated system is updated.		August 2019
A notice will be issued identifying these errors and reiterating the applicable policy.		November 2019

PROGRAM: FSA NAP		
Root Cause (See Root Cause Table)	➔	Insufficient Documentation to Determine
USDA's Sub Root Cause	➔	Documentation was not sufficient to justify the participant's eligibility to receive payment.
Amount Associated with the Root Cause (See Root Cause Table)	➔	\$22.45
Corrective Actions		Completion Date
National NAP Train-the-Trainer training was conducted in August 2019. Field office staff were trained on the importance of producer certification supporting documentation, and it being on file before the automated system is updated.		August 2019
A notice will be issued identifying these errors and reiterating the applicable policy.		November 2019
Internal reviews will be conducted by FSA's Office of Management and Strategy. The new internal review process will enable us to identify earlier the types of errors that are occurring, the underlying reasons, and communicate how policies and procedures should be applied.		January 2020

Improper Payments Root Causes Table (\$ in Millions)

Reason for Improper Payment		FSA LFP		FSA NAP		FSA ARC/PLC		FSA Harvey-ECP	
		Over-payments	Under-payments	Over-payments	Under-payments	Over-payments	Under-payments	Over-payments	Under-payments
Program design or Structural Issue									
Inability to Authenticate Eligibility	Inability to Access Data								
	Data Needed Does Not Exist	16.92		1.62				0.11	
Failure to Verify	Death Data								
	Income Data	2.49		0.18		7.56			
	Excluded Party Data								
Administrative or Process Error Made By	Prisoner Data								
	Other Eligibility [Note #1]			0.20				0.55	
Federal Agency		13.79	1.48	17.98	0.05	249.6	0.66	1.53	
	State and Local Agency								
Other Party									
Medical Necessity									
Insufficient Documentation to Determine [Note #2]		52.86		22.45		354.18		0.79	
Other Reason									
TOTAL		86.06	1.48	42.43	0.05	611.34	0.66	2.98	

Note #1: Failure to verify other eligibility includes program eligibility not being verified.

Note #2: USDA uses the OMB Circular A-123, Appendix C root cause matrix in the AFR, which considers insufficient documentation to determine an overpayment. In OMB Circular A-136, insufficient documentation to determine is considered "unknown", rather than an overpayment. Please go to the Monetary Loss Breakdown Table to see the amount of USDA's improper payments attributed to the "unknown" category.