



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

JUL 28 2017

TO: Phyllis K. Fong
Inspector General
Office of Inspector General

FROM: Sonny Perdue 
Secretary

SUBJECT: Quarterly High-Dollar Overpayments Report

Executive Order 13520, Reducing Improper Payments, requires the Head of agencies with programs susceptible to significant improper payments under the Improper Payments Information Act to submit to the agency's Inspector General, a quarterly report of identified high-dollar overpayments. High-dollar overpayments are payments in excess of 50 percent of the correct amount. For an individual, the threshold is \$25,000 as a single payment or in cumulative payments for the quarter. For an entity, the threshold is \$100,000 as a single payment or in cumulative payments for the quarter.

Attached is the Department of Agriculture's Quarterly High-Dollar Overpayments Report for the third quarter of fiscal year 2017. The information in the report complies with the guidance issued on October 20, 2014, by the Office of Management and Budget in Memorandum M-15-02, Appendix C to Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments. It includes the reason for the overpayment, actions taken or planned to recover improper payments, and actions and strategies the agencies intend to take to prevent improper payments in the future.

Attachment

U.S. Department of Agriculture Executive Order 13520, "Reducing Improper Payments"
 Quarterly High-Dollar Overpayments Report
 Fiscal Year 2017 Quarter 3

Name of Program Responsible	Recipient	Total Dollar Amount of the Payments Identified	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 to Prevent Overpayments in the Future
Farm Service Agency (FSA) Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs	Entity	\$130,136.00	\$0.00	\$130,136.00	Actively Engaged Rules - Non-Compliance / Violation.	Receivable has been established and demand letters sent.	End of year reviews for payment eligibility/limitation compliance purposes (the actively engaged 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. This will mitigate risks associated with producers becoming non-compliant.
FSA ARC/PLC	Individual	\$111,153.00	\$0.00	\$111,153.00	Adjusted Gross Income (AGI) Non-Compliance / Violation.	Receivable has been established and demand letters sent.	Producers who filed CCC-941 are eligible for 180 days from the producer certification date, while waiting on the Internal Revenue Service (IRS) determination, or the State Office/State Executive Director (SED) determination. If found non-compliant receivables are established and demand letters sent for collection.
FSA ARC/PLC	Individual	\$100,803.00	\$0.00	\$100,803.00	AGI Non-Compliance / Violation.	Receivable has been established and demand letters sent.	Producers who filed CCC-941 are eligible for 180 days from the producer certification date while waiting on the Internal Revenue Service (IRS) determination or the State Office/State Executive Director (SED) determination. If found non-compliant receivables are established and demand letters sent for collection.
FSA ARC/PLC	Individual	\$48,704.00	\$0.00	\$48,704.00	AGI entered incorrectly.	Receivable has been established and demand letters sent.	County Office employees will follow the current policy of conducting 2nd party reviews. This will help ensure program and eligibility data is accurately entered and reflected on program records and forms, prior to issuing program payments.
FSA ARC/PLC	Individual	\$65,578.00	\$0.00	\$65,578.00	Payment was made to offset a receivable but was incorrectly paid to the producer.	Overpayment recovered, no further action required.	County Office employees will follow the current policy of conducting 2nd party reviews. This will help ensure program and eligibility data is accurately entered and reflected on program records and forms, prior to issuing program payments.

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

Quarterly High-Dollar Overpayments Report

Fiscal Year 2017 Quarter 3

Name of Program Responsible	Recipient	Total Dollar Amount of the Payments Identified	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 to Prevent Overpayments in the Future
FSA ARC/PLC	Individual	\$40,717.00	\$25,801.00	\$14,916.00	Yield entered incorrectly.	Offset of future payments will be taken.	County Office employees will follow the current policy of conducting 2nd party reviews. This will help ensure program and eligibility data is accurately entered and reflected on program records and forms, prior to issuing program payments.
FSA ARC/PLC	Individual	\$29,743.00	\$0.00	\$29,743.00	Incorrect acreage used to calculate loss/payment.	Offset of future payments will be taken.	County Office employees will follow the current policy of conducting 2nd party reviews. This will help ensure program and eligibility data is accurately entered and reflected on program records and forms, prior to issuing program payments.
FSA Livestock Indemnity Program	Entity	\$116,500.00	\$0.00	\$116,500.00	County office paid the wrong producer on the farm.	Receivable has been established and demand letters sent.	County Office employees will follow the current policy of conducting 2nd party reviews. This will help ensure program and eligibility data is accurately entered and reflected on program records and forms, prior to issuing program payments.
FSA Non-Insured Crop Disaster Assistance Program	Entity	\$147,252.00	\$55,328.00	\$91,924.00	County office entered grazing days incorrectly.	Granted full Equitable Relief because the error was made by the government and the producer did not have any reason to know that a mistake had occurred.	County Office employees will follow the current policy of conducting 2nd party reviews. This will help ensure program and eligibility data is accurately entered and reflected on program records and forms, prior to issuing program payments.

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NRCS Environmental Quality Incentive Program	Individual	\$56,304.00	\$0.00	\$56,304.00	Participants not eligible under Adjusted Gross Income (AGI).	Receivable has been established and demand letters sent.	Participants self-certify adjusted gross income on forms completed and submitted 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. NRCS has made changes to the Protracts software to prevent improper payments from being made to participants that are retroactively determined as AGI ineligible. NRCS has issued guidance to states via a series of National Bulletins and video teleconferences on how to address AGI eligibility issues.
NRCS Conservation Stewardship Program (CSTP)	Individual	\$40,000.00	\$0.00	\$40,000.00	Participants not eligible under AGI.	Receivable has been established and demand letters sent.	Participants self-certify adjusted gross income on forms completed and submitted 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. NRCS has made changes to the Protracts software to prevent improper payments from being made to participants that are retroactively determined as AGI ineligible. NRCS has issued guidance to states via a series of National Bulletins and video teleconferences on how to address AGI eligibility issues.

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Risk Management Agency (RMA) Federal Crop Insurance Corporation Program Fund (FCICPF)	Entity	\$119,237.00	\$68,548.00	\$50,689.00	Policyholder made false statements, while obtaining crop insurance. The policyholder intentionally concealed and misrepresented material facts, in the intial application.	Overpayment recovered, no further action required.	RMA will continue to work with the Office of the Inspector General on referral of cases for fraud, waste, and abuse. RMA will also continue to use Suspension from the FCIC program, in such cases with fraud.
RMA FCICPF	Entity	\$182,059.00	\$52,259.00	\$129,800.00	1. Policyholder(s) engaged in intentional misrepresentation, by obtaining Power of Attorney for the children, in order to open the fraudulent policies in their names without their knowledge. 2. Multiple Approved Insurance Providers (AIP) insuring and paying indemnities, (on unrated land classified by the actuarial maps), without a written agreement.	Overpayment recovered, no further action required.	RMA will continue to conduct reviews of the AIP and/ or producers to ensure compliance with the Standard Reinsurance Agreement and FCIC policy and procedures.