



United States Department of Agriculture



OFFICE OF INSPECTOR GENERAL

USDA's Fiscal Year 2018 Compliance with Improper Payment Requirements

Audit Report 50024-0014-11

OIG reviewed USDA's compliance with improper payment requirements and the Department's high-dollar overpayments reports for fiscal year 2018.

OBJECTIVE

To review USDA's fiscal year 2018 Agency Financial Report (AFR) and other information to determine if the agency was compliant with improper payment requirements, and to review quarterly high-dollar overpayments reports and assess the risk associated with applicable agency programs.

REVIEWED

We reviewed related information in the fiscal year 2018 AFR and supporting documentation, and we interviewed relevant agency officials. We also reviewed USDA's fiscal year 2018 quarterly reports on high-dollar overpayments and evaluated supporting documentation for the randomly selected, nonstatistical samples.

RECOMMENDS

USDA and its component agencies must take steps to ensure its mandated actions are completed to meet improper payment requirements. We also recommend that the Department publish omitted information and disclose duplication errors on its public website for quarterly high-dollar overpayments reports.

WHAT OIG FOUND

The U.S. Department of Agriculture (USDA) has been making progress towards fully complying with improper payment requirements as set forth by the Improper Payments Information Act of 2002, as amended. In its eighth year of reporting, we noted that USDA identified nine programs as susceptible to significant improper payments (high-risk) in fiscal year 2018, which is one less than the year before. Additionally, five of USDA's nine high-risk programs were fully compliant in fiscal year 2018, compared to three the year before. Furthermore, USDA substantially complied with four of the six improper payment requirements in fiscal year 2018 compared to three the year before. For the high-priority programs, no issues were noted in our evaluation of USDA's reported actions to prevent and recover improper payments and the quality of improper payment estimates and methodologies used.

However, USDA continued to report noncompliance with improper payment requirements. The Office of Inspector General (OIG) found that four of USDA's nine high-risk programs did not comply with one or both of the following requirements: meeting annual reduction targets or achieving gross improper payment rates of less than 10 percent. This occurred because the programs' corrective actions have not yielded the desired results.

We also found that USDA maintained the quality of its high-dollar overpayments reports for fiscal year 2018. Specifically, we noted no critical declines in the accuracy, completeness, or timeliness of USDA's reporting. Though overall quality was sustained, we identified instances of duplicate and incomplete reporting in two of USDA's published quarterly high-dollar overpayments reports. While USDA maintained its overall reporting quality, we stress continued vigilance to prevent and eliminate reporting errors.

The Department generally agreed with our findings and recommendations.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: May 31, 2019

AUDIT
NUMBER: 50024-0014-11

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SUBJECT: U.S. Department of Agriculture's Fiscal Year 2018 Compliance with Improper
Payment Requirements

This report presents the results of the subject audit. Your written responses to the discussion draft, dated May 24, 2019, May 28, 2019, and May 31, 2019, are included in their entirety at the end of the report. We have incorporated excerpts from your responses, and the Office of Inspector General's position, into the relevant sections of the report. Based on your written responses, we are accepting management decision for all three audit recommendations in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.

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Background and Objectives

Background

The U.S. Department of Agriculture (USDA) delivers approximately \$143 billion in public services annually through more than 144 programs. The Department identified nine of these programs (see Exhibit A) as susceptible to significant improper payments (high-risk) in fiscal year 2018. USDA reported that, collectively, its nine high-risk programs made approximately \$6.1 billion in improper payments, a 6.25 percent improper payment rate.

USDA funds the nine high-risk programs through four component agencies: Food and Nutrition Service (FNS), Natural Resources Conservation Service (NRCS), Risk Management Agency (RMA), and Farm Service Agency/Commodity Credit Corporation (FSA/CCC). CCC has no operating personnel. Its price support, storage, and reserve programs, and its domestic acquisition and disposal activities are carried out primarily through the personnel and facilities of FSA. FSA implements CCC-funded programs for income support, disaster assistance, conservation, and international food procurement.¹

Improper Payments Requirements

In general, an improper payment is any payment that should not have been made or that was made in an incorrect amount. An improper payment also includes any payment made to an ineligible recipient, a payment for ineligible goods or services, or a payment for goods or services not received. In addition, a payment is considered improper if it lacks sufficient documentation.

The Improper Payments Information Act of 2002 (IPIA) requires each agency to annually review all programs and activities that it administers, identify those susceptible to significant improper payments, and submit to Congress an estimate of the annual amount of improper payments.² The Improper Payments Elimination and Recovery Act of 2010 (IPERA), which amended IPIA, requires each agency to perform the review of its programs at least once every 3 years in accordance with the Office of Management and Budget (OMB) guidance.³ IPERA defines significant improper payments as gross annual improper payments (the total of overpayments plus underpayments) exceeding both 1.5 percent of program outlays and \$10 million of all program payments made during the fiscal year reported, or \$100 million of improper payments regardless of percentage.⁴

For each program and activity identified as susceptible to significant improper payments, the agency must produce a statistically valid estimate, or an alternative sampling and estimation

¹ FSA/CCC is one of the four component agencies; however, because CCC has no employees, we will refer only to FSA throughout the report.

² IPIA, Public Law 107-300 (Nov. 26, 2002).

³ OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement* (June 26, 2018).

⁴ IPERA, Public Law 111-204 (July 22, 2010).

approach that OMB approved, of the improper payments made by each program and activity and include those estimates in the accompanying materials to the agency's Agency Financial Report (AFR).

Compliance with IPERA

Inspectors General are required to assess agencies' compliance with IPERA each fiscal year. Compliance under the law means that agencies have:

1. Published an AFR for the most recent fiscal year and posted that report and any accompanying materials required by OMB on the agency website.
2. Conducted a program-specific risk assessment for each program or activity.
3. Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required).
4. Published programmatic corrective action plans in the AFR (if required).
5. Published and have met annual reduction targets for each program assessed to be at risk and measured for improper payments (if required and applicable).
6. Reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR.

Under IPERA, an agency is not compliant if it does not meet one or more of these six requirements. Section 1 of this report discusses USDA's fiscal year 2018 compliance determination under IPERA.

Compliance with IPERIA

The Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), which amended IPERA, requires that OMB identify high-risk programs that it deems "high-priority."⁵ OMB set the threshold for high-priority determinations at \$2 billion in reported improper payments in a fiscal year. USDA reported three FNS programs as high-priority in fiscal year 2018:

1. Supplemental Nutrition Assistance Program (SNAP),
2. National School Lunch Program (NSLP), and
3. School Breakfast Program (SBP).

For high-priority programs, the agency is required to report any action it has taken—or plans to take—to recover improper payments and any action it intends to take to prevent future improper payments. Each fiscal year, Inspectors General are required to review the assessment of the level of risk, evaluate the quality of the improper payment estimates and methodology, and review the oversight or financial controls used to identify and prevent improper payments under the program. Section 2 of this report discusses the evaluation of USDA's high-priority programs as required by IPERIA.

⁵ IPERIA, Public Law 112-248 (Jan. 10, 2013).

Both IPERA and IPERIA authorize OMB to issue additional guidance for eliminating and reporting improper payments. OMB guidance instructed Inspectors General to combine their annual compliance assessment under IPERA with their evaluation of actions implemented for the high-priority programs under IPERIA.⁶ OMB guidance also states that Inspectors General should evaluate the accuracy and completeness of agency reporting and the agency's performance in reducing and recapturing improper payments as part of their annual compliance review. Section 3 of this report discusses USDA's performance in reducing and recapturing improper payments as well as the accuracy and completion of USDA's reporting.

High-Dollar Overpayments Reports Requirements

Executive Order 13520, "Reducing Improper Payments" (Executive Order), signed on November 20, 2009, assists Federal agencies in reducing and preventing improper payments through increased transparency and improved agency accountability.⁷ The Executive Order mandates that Federal agencies submit quarterly reports on any high-dollar improper overpayments identified in high-risk programs to their respective Office of Inspector General (OIG) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and make this information available to the public.⁸ After reviewing each report, OIG shall assess the level of risk associated with the applicable program, determine the extent of oversight warranted, and provide the agency head with recommendations, if any, for modifying the agency's plans.

OMB's implementing guidance for the Executive Order defines a reportable high-dollar overpayment as any overpayment in excess of 50 percent of the correct amount of the intended payment:

- where the total payment to an individual exceeds \$25,000 as a single payment or in cumulative payments for the quarter; or
- where the total payment to an entity exceeds \$100,000 as a single payment or in cumulative payments for the quarter.⁹

For fiscal year 2018, USDA reported 59 high-dollar overpayments totaling \$6.3 million. This count represents an increase from the 56 overpayments reported for fiscal year 2017. Exhibit C lists the number and sum of high-dollar overpayments reported for fiscal years 2017 and 2018 by component agency and high-risk program.

⁶ OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement* (June 26, 2018).

⁷ 74 Federal Register 62201, Executive Order 13520, *Reducing Improper Payments* (Nov. 20, 2009).

⁸ A high-risk program is any program susceptible to significant improper payments based on the criteria outlined in OMB Memorandum M-18-20, Appendix C to Circular No. A-123, *Requirements for Payment Integrity Improvement* (June 26, 2018).

⁹ After fiscal year 2014 ended, OMB issued Memorandum M-15-02 on Appendix C to Circular No. A-123, *Requirements for Effective Estimation and Remediation of Improper Payments* (Oct. 20, 2014). This guidance modified OMB Circular A-123, Appendix C, Parts I and II (which were issued in April 2011, as OMB Memorandum M-11-16) and Part III (which was issued in March 2010, as OMB Memorandum M-10-13) and increased the reporting thresholds from \$5,000 to \$25,000 for individuals and from \$25,000 to \$100,000 for entities. In June 2018, OMB instructed agencies to follow these reporting thresholds until further notice.

The Office of the Chief Financial Officer (OCFO) coordinates, consolidates, and submits USDA's quarterly high-dollar overpayments reports for the Office of the Secretary of Agriculture. To assist OCFO in meeting reporting requirements, the four component agencies administering USDA's nine high-risk programs must submit high-dollar overpayments data, in accordance with OMB guidance, for inclusion in the Department-level quarterly reports. Additionally, the Department publishes its quarterly high-dollar reports on OCFO's website, available to the public at <https://www.ocfo.usda.gov/plans-reports/QuarterlyHighDollarReporting>. Section 4 of this report discusses the accuracy, completeness, and timeliness of the Department's high-dollar overpayments reports for fiscal year 2018.

Objectives

The objectives of our audit were to review USDA's fiscal year 2018 AFR and accompanying information to determine whether the agency is compliant with IPIA, as amended by IPERA. In addition, we evaluated USDA's accuracy and completeness of reporting, and performance in reducing and recapturing improper payments.

Further, for agencies that have high-priority programs, we reviewed the agencies' assessment of the level of risk, evaluated the quality of the improper payment estimates and methodology, and reviewed the oversight or financial controls used to identify and prevent improper payments under the program.

Finally, we reviewed USDA's quarterly high-dollar overpayments reports for fiscal year 2018; assessed the level of risk associated with the applicable programs; determined the extent of oversight warranted; and provided recommendations, where applicable, for modifying USDA's recovery and corrective action plans.

Section 1: USDA’s Fiscal Year 2018 Compliance Determination Under IPERA

Finding 1: USDA Continued to Report Noncompliance with IPERA

USDA has been making progress towards fully complying with IPERA. In this eighth year of reporting, we noted USDA has gone from 16 programs identified as susceptible to significant improper payments (high-risk) in fiscal year 2011 to a high of 20 in fiscal year 2014, but is now down to 9 in fiscal year 2018, 1 less than 10 from the year before. Additionally, five of USDA’s nine high-risk programs were fully compliant in fiscal year 2018 compared to three the year before. Furthermore, USDA substantially complied with four of the six IPERA requirements in fiscal year 2018 compared to three the year before.

However, USDA continued to report noncompliance with IPERA. We found that four of USDA’s nine high-risk programs did not fully comply with one or more IPERA requirements. These programs did not meet annual reduction targets, achieve gross improper payment rates of less than 10 percent, or both. This occurred because the programs’ corrective actions have not yielded the desired results. As a result, USDA is not compliant with IPERA for an eighth consecutive year.

Table 1. Summary of USDA’s compliance with IPIA, as amended by IPERA, for fiscal year 2018.

USDA Agency	High-Risk Program	Fiscal Year 2018 Overall Compliance	Published an AFR	Conducted a Risk Assessment	Published Improper Payment Estimates	Published Corrective Action Plans	Published/Met Reduction Targets	Achieved an Improper Payment Rate of Less Than 10 Percent	Consecutive Years of Noncompliance
Food and Nutrition Service (FNS)	Supplemental Nutrition Assistance Program (SNAP)	Compliant	Yes	Yes	Yes	Yes	Not Applicable	Yes	0
	National School Lunch Program (NSLP)	Compliant	Yes	Yes	Yes	Yes	Yes	Yes	0
	School Breakfast Program (SBP)	Non-Compliant	Yes	Yes	Yes	Yes	Yes	No	8
	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	Non-Compliant	Yes	Yes	Yes	Yes	No	Yes	8
	Child and Adult Care Food Program (CACFP)	Compliant	Yes	Yes	Yes	Yes	Not Applicable	Yes	0

USDA Agency	High-Risk Program	Fiscal Year 2018 Overall Compliance	Published an AFR	Conducted a Risk Assessment	Published Improper Payment Estimates	Published Corrective Action Plans	Published/Met Reduction Targets	Achieved an Improper Payment Rate of Less Than 10 Percent	Consecutive Years of Noncompliance
Farm Service Agency/ Commodity Credit Corporation (FSA/CCC)	Livestock Forage Disaster Program (LFP)	Non-Compliant	Yes	Yes	Yes	Yes	No	No	1
	Noninsured Crop Disaster Assistance Program (NAP)	Non-Compliant	Yes	Yes	Yes	Yes	No	No	2
Natural Resources Conservation Service (NRCS)	Farm Security and Rural Investment Act Program (FSRIP)	Compliant	Yes	Yes	Yes	Not Applicable	Yes	Yes	0
Risk Management Agency (RMA)	Federal Crop Insurance Corporation (FCIC) Program Fund	Compliant	Yes	Yes	Yes	Yes	Yes	Yes	0

USDA officials provided evidence that the Department and its component agencies are making progress towards fully complying with IPERA.¹⁰ For example, FSA’s Loan Deficiency Payments (LDP) program, identified as high-risk in fiscal year 2017, is not on the list of high-risk programs in fiscal year 2018 because its statistically validated estimates of payment integrity levels improved above reporting thresholds. In addition, FNS’ SNAP, NSLP, and CACFP were not compliant in fiscal year 2017, but they are fully compliant with IPERA in fiscal year 2018. Also, the improper payment rates for FNS’ NSLP and SBP went down from 15.30 percent and 22.75 percent, respectively, in fiscal year 2017 to 9.43 percent and 11.04 percent, respectively, in fiscal year 2018. FNS conferred with OMB and removed the “meal claiming” error from its definition of an improper payment for NSLP and SBP, which we surmised had a role in lowering the annual estimates of improper payments made in those two programs.¹¹ Furthermore, we determined that USDA substantially complied with four of the six improper payment requirements by: (1) publishing its fiscal year 2018 AFR and posting the report and any accompanying OMB required materials on the agency website; (2) conducting a program-specific risk assessment for each program or activity; (3) publishing an improper payment estimate as required; and (4) publishing programmatic corrective action plans in the AFR.

¹⁰ IPERA, Public Law 111-204 (July 22, 2010).

¹¹ Those errors are typically triggered by a child not selecting a required fruit or vegetable, but the child’s choice does not affect the eligibility status of the recipient, nor whether the right recipient received the right benefit.

The specific results for each IPERA requirement are as follows:

1. Did USDA publish an AFR for the most recent fiscal year and post that report and any accompanying materials required by OMB on the agency website?

Yes. USDA published the fiscal year 2018 AFR, and subsequently the report and accompanying materials required by OMB were posted on the agency website at <https://www.ocfo.usda.gov/plans-reports/PerformanceAndAccountabilityReports>.

2. Did USDA conduct a specific risk assessment for each program or activity?

Yes. In accordance with OMB guidance, USDA completed a risk assessment for each of its programs not already identified as high-risk at least once during the last 3 years.¹² Additionally, USDA's reporting of an improper payment estimate for all nine of its high-risk programs fulfilled the risk assessment requirement under IPERA and no additional risk assessments were required for those programs.

3. Did USDA publish improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required)?

Yes. USDA published improper payment estimates for all nine programs identified as high-risk in its AFR. The information presented about the estimates identifies program outlays for the current fiscal year, estimated amounts of payments that were properly paid or improperly paid, and the corresponding percent for each by program for the current fiscal year in accordance with the Payment Integrity Reporting section of OMB Circular A-136, *Financial Reporting Requirements*.

4. Did USDA publish programmatic corrective action plans in the AFR (if required)?

Yes. USDA published corrective action plans in its AFR. The information presented about the plans describes actions taken and planned for each program that met the statutory threshold requirements of a high-risk program in accordance with the Payment Integrity Reporting section of OMB Circular A-136, *Financial Reporting Requirements*.

5. Did USDA publish, and meet, annual reduction targets for each program assessed to be at risk and measured for improper payments?

No. We found that three of USDA's nine high-risk programs did not achieve their reduction targets: FNS' WIC and FSA's LFP and NAP.

¹² Per OMB Circular A-123, Appendix C, the method of reviewing programs could be a quantitative evaluation in the form of a statistical assessment or a qualitative method such as a questionnaire.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

FNS did not achieve its reduction target for WIC by 1.51 percent. FNS attributed WIC's improper payments to administrative or process errors. Additionally, FNS described the following as some of its corrective actions for WIC:

- Update the WIC Vendor Management and Food Delivery Handbook to include vendor cost containment and monitoring.
- Provide resources—including trainings, worksheets, and toolkits—to WIC State agencies on cost neutrality assessments for above 50 percent vendors, the development of vendor peer group systems, and the development of high-risk vendor indicators.

FSA's Livestock Forage Disaster Program (LFP) and Noninsured Crop Disaster Assistance Program (NAP)

FSA did not achieve its reduction targets for LFP and NAP by 6.29 percent and 6.39 percent, respectively.¹³ FSA attributed these programs' improper payments to administrative or process errors, insufficient documentation to determine eligibility for program applicants, or inability to authenticate program applicant eligibility (data needed does not exist). Additionally, FSA described the following as some of its corrective actions for LFP and NAP:

- Released a software update that integrated the Crop Acreage Reporting System software in the LFP application software.
- Conducted National LFP training for all State offices in August 2018 that reviewed software updates and IPERA compliance results.
- Issued notice to field offices to reinforce program policies and procedures for what is acceptable evidence for documenting eligible forage, livestock, and acreage.
- Implemented NAP software to automate the computation of unit acres/pay group when calculating NAP payments. In addition, the NAP software validates that all eligibility records have been updated and payments are authorized to be issued.

6. Did USDA report a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR?

No. USDA did not report gross improper payment rates of less than 10 percent for three of its nine high-risk programs: FNS' SBP and FSA's LFP and NAP.

¹³ FSA uses a statistically valid and rigorous plan to estimate an improper payment rate for LFP and NAP. Using this type of plan, a reduction target is met if the target rate falls within the lower and upper endpoints of the plan's confidence interval. We used the lower endpoint of the interval for LFP and NAP and subtracted the target rate from the lower endpoint to determine the respective 6.29 and 6.39 percentage points by which the programs did not meet reduction targets.

FNS' School Breakfast Program (SBP)

FNS' SBP reported an estimated improper payment rate of 11.04 percent. FNS attributed SBP's improper payments to administrative or process errors and program design or structural issues. Additionally FNS described the following as some of its corrective actions for SBP:

- Modified the process for assessing fiscal action across a School Food Authority for certification errors identified during the State Agency Administrative Review.
- Conducted the fifth year of a demonstration project in selected school districts and States to test the potential for direct certification for free school meals using Medicaid data.
- Awarded direct certification grants to three States to fund projects associated with improving their direct certification rates.

FSA's Livestock Forage Disaster Program (LFP) and Noninsured Crop Disaster Assistance Program (NAP)

FSA's LFP and NAP reported estimated improper payment rates of 11.92 percent and 16.35 percent, respectively. For fiscal year 2018 reporting, FSA adapted a more rigorous sampling methodology for both programs using a 95 percent confidence interval of plus or minus 3 percentage points. FSA attributed the programs' improper payments to administrative or process errors, insufficient documentation to determine eligibility, or inability to authenticate eligibility (data needed does not exist). FSA believes the updates in the LFP software and the implementation of automated NAP software will reduce the errors in these programs.

For programs noncompliant with IPERA for one or more consecutive fiscal years, OMB guidance requires agencies to complete additional actions. These required actions include submission of a plan to OMB and select congressional committees (Congress) to describe actions the agency will take to become compliant (if one year noncompliant); submission of a request to Congress for additional reprogramming or transfer authority as determined by OMB review of agency proposals to bring about compliance (if two consecutive years noncompliant); submission of agency statements to OMB and Congress on reauthorization, statutory changes, or other actions necessary or in process to bring about compliance (if three consecutive years noncompliant); and submission of a report to OMB and Congress detailing activities the agency has taken to complete the required actions for one, two, three, four, or more consecutive years of noncompliance (if four consecutive years noncompliant).

FSA's LFP and NAP fall into the 1-year and 2-year noncompliant categories, respectively, and we are making recommendations 1 and 2 accordingly. FNS' SBP and WIC have been noncompliant for eight consecutive years; however, we are not making any additional recommendations for these programs as FNS, in the latter part of fiscal year 2018, provided a letter to Congress describing its strategies to address the noncompliances. Exhibit B summarizes the current year status of the prior year audit recommendations.

Recommendation 1 to FSA

In accordance with OMB guidance, within 90 days of the determination of noncompliance, FSA should submit a plan to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and OMB describing the actions that the agency will take to make LFP compliant.

Agency Response

In its response dated May 31, 2019, FSA stated that it will submit a plan describing the action that the agency will take to make LFP compliant by August 30, 2019.

OIG Position

We accept management decision for this recommendation.

Recommendation 2 to FSA

In accordance with OMB guidance, as part of the annual development of the President's Budget, FSA should create and submit proposals to OMB during its next budget submission for funding actions that will help bring NAP into compliance.

Agency Response

In its response dated May 31, 2019, FSA stated that it will submit a plan describing the actions that the agency will take to make NAP compliant. FSA estimates this action will be complete no later than August 30, 2019.

OIG Position

We accept management decision for this recommendation.

Section 2: Evaluation of USDA's High-Priority Programs

We reviewed USDA's reported actions to prevent and recover improper payments and the quality of the improper payment estimates and methodologies used in the Department's high-priority programs.

IPERIA requires OMB to annually identify high-risk programs that require greater levels of oversight and review—these are considered high-priority programs. High-priority programs are defined as programs that have more than \$2 billion in improper payments reported in the AFR.¹⁴ Each agency with programs identified as high-priority is required to annually report to its Inspector General and make public the agency's plans to address the problem. These plans should describe any action the agency has taken, or plans to take, to recover improper payments and any action the agency intends to take to prevent future improper payments, including tailoring corrective actions specifically to the high-priority programs. Furthermore, OMB guidance requires that agencies with high-priority programs establish semi-annual or quarterly actions for reducing improper payments for which information on such is posted on OMB's improper payments website (paymentaccuracy.gov). Inspectors General are required annually to evaluate the quality of the improper payment estimates and methodology, and review the oversight or financial controls used to identify and prevent improper payments under each program.

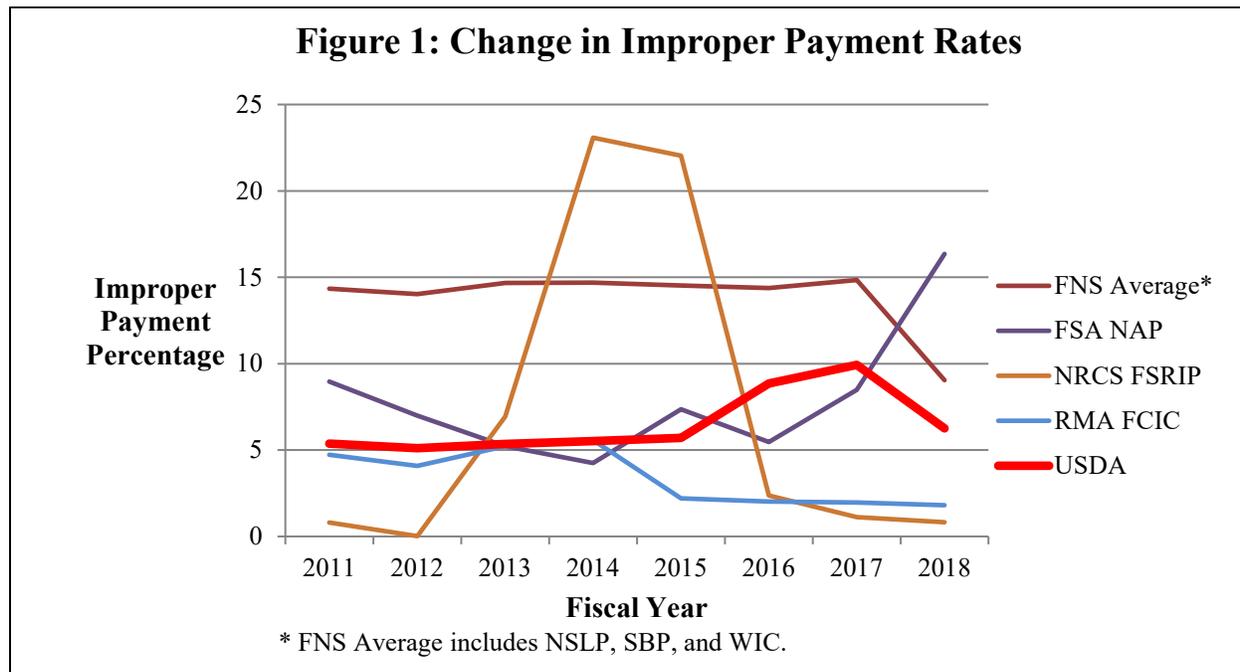
USDA reported three FNS programs as high-priority in its fiscal year 2018 AFR: NSLP, SBP, and SNAP. We determined that FNS officials' assessment of the risk level associated with their high-priority programs was reasonable, and the agency developed corrective action plans as well as supplemental periodic actions for reducing improper payments commensurate with OMB requirements. Also, FNS reported actions taken to recover and prevent future improper payments. Additionally, we determined that FNS has improper payment estimation methodologies that produce a reasonable and valid estimate for its programs in accordance with OMB guidance. No issues were noted in our evaluation of USDA's high-priority programs and we are not making any recommendations.

¹⁴ OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement* (June 26, 2018).

Section 3: USDA's Performance in Reducing, Recapturing, and Reporting Improper Payments

Reducing Improper Payments

USDA's efforts to reduce improper payments have produced both favorable and unfavorable results since fiscal year 2011. Improper payment rates have generally trended downward in recent years for NRCS' FSRIP and RMA's FCIC Program Fund and upward for FSA's NAP. As discussed in Finding 1, NAP did not meet its reduction target or achieve an improper payment rate of less than 10 percent for fiscal year 2018. The average improper payment rate of FNS' NSLP, SBP, and WIC remained relatively unchanged for a time then went down in fiscal year 2018. USDA's overall improper payment rate also remained relatively unchanged for a time then trended upward and now down in fiscal year 2018, too. Figure 1 shows the trends for these programs and for USDA overall from fiscal year 2011 through fiscal year 2018. We included only those programs that have been identified as susceptible to significant improper payments (high-risk) and that had a published improper payment rate for each of the last eight consecutive fiscal years. In addition, we included USDA's overall improper payment rate as reported in the AFRs. To see the actual improper payment rates for fiscal year 2018, see Exhibit A.



Recapturing Improper Payments¹⁵

In fiscal year 2018, USDA reported that it recaptured approximately \$0.25 million in improper payments from recovery audit contractors; this represents a decrease from its fiscal year 2017 reporting of \$0.28 million. Also, USDA reported \$371.59 million in potential recoveries from outside payment recapture audits, a decrease from its reporting of \$614.55 million in fiscal year 2017.¹⁶ OMB guidance encourages agencies to use limited-scope pilot payment recapture audits in areas deemed highest risk to assess the likelihood of cost effective payment recapture audits on a larger scale. USDA reported in its fiscal year 2018 AFR that it is required to conduct payment recapture auditing on all programs with over \$1 million in annual expenditures, or provide justification that a payment recapture audit program would not be cost effective. To determine which programs meet the \$1 million payment recapture auditing requirement, USDA used fiscal year 2017 actual outlay information.

Accuracy and Completeness of Reporting

We found that USDA substantially complied with applicable OMB guidance pertaining to improper payments reporting. We found that the information in USDA's AFR was supported by documentation from OCFO or component agencies. We did note instances where inconsequential errors were made; however, we determined these errors were not material, either individually or in the aggregate.

We do not make any formal recommendations in this report regarding USDA's performance in reducing, recapturing, or reporting improper payments.

¹⁵ A recapture activity is any activity by an agency to attempt to identify and recover overpayments identified by a payment recapture audit or a post-award audit.

¹⁶ "Outside payment recapture audits" include methods in place to collect overpayments, even prior to the establishment of an official payment recapture audit.

Section 4: Compliance with High-Dollar Overpayments Reporting Requirements

Finding 2: USDA Continued to Maintain the Overall Quality of Its High-Dollar Overpayments Reports

For fiscal year 2018, USDA maintained the overall quality of its high-dollar overpayments reports. Overall, we noted no critical declines in the accuracy, completeness, or timeliness of the Department's reporting. Specifically, we found no instances of reporting errors in our review of the random, nonstatistical samples of overpayments reported. Additionally, the reports included easy-to-understand information regarding the reasons for the overpayments reported and the actions and strategies to recover and prevent overpayments. Furthermore, the information presented about those responsive actions and strategies read as appropriate, reasonable, and achievable in relation to the reported reasons for the overpayments. Lastly, the Department was timely in processing all of its report submissions to OIG—within 30 days of the end of each fiscal quarter.

However, we identified instances of duplicate and incomplete reporting in two of the Department's published quarterly high-dollar overpayments reports. Although USDA maintained its overall reporting quality, we stress continued vigilance to prevent and eliminate reporting errors.

OMB guidance for implementing the Executive Order requires that quarterly high-dollar overpayments reports:

- describe the high-dollar overpayments made by the agency;
- describe overall agency actions and strategies to recover and prevent overpayments;¹⁷ and
- be submitted to OIG within 30 days after the end of each fiscal quarter.¹⁸

In addition, OCFO internal guidance to further assist USDA component agencies with implementing OMB guidance requires a certification from each component agency's chief financial officer as to the accuracy of the reports.¹⁹

Instances of Duplicate and Incomplete Reporting

The Department's high-dollar overpayments reports for fiscal year 2018 omitted two overpayments from the first quarterly report and duplicated five overpayments on the

¹⁷ OMB Memorandum M-15-02, Appendix C to Circular No. A-123, *Requirements for Effective Estimation and Remediation of Improper Payments* (Oct. 20, 2014). In June 2018, OMB instructed agencies to follow these requirements in relation to quarterly high-dollar overpayments reports to the Inspector General until further notice.

¹⁸ CIGIE Activities Related to Executive Order 13520 on Reducing Improper Payments (June 17, 2010). This memorandum provided summaries of communications of interest to the Inspector General community with regard to the Council's work with OMB on the implementation of the Executive Order.

¹⁹ OCFO *Quarterly High-Dollar Overpayments Report Guidance* (November 2017).

third. Specifically, the first quarterly report did not include \$120,000 and \$54,576 in overpayments reported by the component agency NRCS, and the third quarterly report included a duplicate of five overpayments reported only once by NRCS. The following table shows the duplicated overpayments.

Table 2. Overpayments Duplicated on Third Quarterly Report

USDA Quarterly High-Dollar Overpayments Report Fiscal Year 2018 Quarter 3		
NRCS	Recipient	Reported Overpayment Dollar Amount
(1)	Entity	\$161,957.47
(2)	Entity	\$129,816.00
(3)	Individual	\$115,226.00
(4)	Individual	\$60,550.00
(5)	Individual	\$40,000.00

According to a Department official, the reporting errors were attributed to data entry mistakes. An additional requirement for review by an analyst unassociated with the report preparation is planned to prevent similar errors in the future. As a result of these mistakes, the Department provided an inaccurate representation of NRCS’ quarterly high-dollar overpayments.

We considered these instances of duplicate and incomplete reporting to be inadvertent and overall infrequent. However, we recommend that OCFO publish the omitted information as well as disclose the duplication errors on its “Quarterly High Dollar Reporting” webpage, available to the public at <https://www.ocfo.usda.gov/plans-reports/QuarterlyHighDollarReporting>, for transparency as required by Executive Order 13520, “Reducing Improper Payments,” signed on November 20, 2009.

Additionally, we stress continued vigilance for accurate, complete, and timely reporting. This vigilance ensures the Department and OMB will continuously have the information necessary to appropriately measure the effectiveness of USDA component agencies’ actions or strategies to reduce or eliminate the errors causing high-dollar overpayments.

Recommendation 3 to OCFO

Publish the information on the two NRCS overpayments omitted from the fiscal year 2018 first quarter report and disclose the duplication errors in relation to the five NRCS overpayments reported in the fiscal year 2018 third quarter report on OCFO’s public-facing “Quarterly High Dollar Reporting” webpage.

Agency Response

In its response dated May 24, 2019, OCFO stated that it will complete the following actions by July 30, 2019:

- Publish on OCFO’s public-facing “Quarterly High Dollar Reporting” webpage a revised Fiscal Year 2018 1st Quarter High-Dollar Overpayments Report to include the NRCS overpayments omitted from the report.
- Publish on OCFO’s public-facing “Quarterly High Dollar Reporting” webpage a revised Fiscal Year 2018 3rd Quarter High-Dollar Overpayments Report to correct the duplication errors in relation to NRCS’ overpayments.
- Require future High-Dollar Overpayments Reports to have a second analyst compare the final report to agency raw data to ensure the report captures agency data correctly.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

Our audit focused on improper payments information reported in USDA’s fiscal year 2018 AFR and additional supporting documentation. This audit also included a limited review of the fiscal year 2018 quarterly reports on high-dollar overpayments as described in the objectives, but would not necessarily identify all deficiencies in internal controls for determining high-dollar overpayments. We performed our review at OCFO Headquarters in Washington, D.C. We commenced fieldwork in February 2019 and completed our fieldwork in May 2019.

We interviewed OCFO officials and personnel at USDA component agencies who were involved with the nine programs identified as susceptible to significant improper payments. We obtained and reviewed all applicable laws, rules, and regulations pertaining to improper payments as well as OCFO’s guidance, policies, and procedures. We also reviewed each program’s plans that described how sampling was performed, how estimates were calculated and completed, and the proposed corrective actions to reduce improper payments in the future. In addition, we reviewed USDA’s fiscal year 2018 quarterly reports on high-dollar overpayments, selected random, nonstatistical samples of overpayments, and evaluated the supporting documentation provided by the component agencies for the overpayments selected.

To accomplish our objectives, we performed the following audit steps to assess USDA’s compliance with the specific requirements of IPERA:

1. Published an AFR for the Most Recent Fiscal Year and Posted that Report on the Agency Website

We obtained and reviewed the fiscal year 2018 AFR. We also confirmed that the AFR was posted on USDA’s website.

2. Conducted a Program-Specific Risk Assessment for Each Program or Activity

Of the 135 low-risk programs and activities listed in USDA’s fiscal year 2018 inventory, we selected a nonstatistical, random sample of 10 programs and activities. The 10 selected programs used various types of assessments, from one-page certifications to full-scale risk assessments, including testing of transactions. We reviewed these assessments to determine if they were performed in accordance with IPERA, OMB Circular A-123, Appendix C *Requirements for Payment Integrity Improvement*, and OCFO’s USDA fiscal year 2018 Risk Assessment Guidance.

3. Published Improper Payment Estimates for All Programs Identified as High Risk

We reviewed the Payment Integrity Outlook Exhibit 28 in *Section III, Other Information* of the fiscal year 2018 AFR to identify which high-risk programs did not report an improper payment estimate (identified as “NA”).

4. Published Programmatic Corrective Action Plans in the AFR

We reviewed the fiscal year 2018 AFR to determine if USDA reported corrective action plans in compliance with OMB guidance. We also reviewed each high-risk program's corrective action plan submitted to OCFO to verify that the information in the AFR was accurate and supported.

5. Published and Has Met Annual Reduction Targets for Each High-Risk Program Assessed

We reviewed the Payment Integrity Outlook Exhibit 28 in *Section III, Other Information* of the fiscal year 2018 AFR and compared each program's improper payment rate to the reduction targets listed in the Payment Integrity Outlook Table 13 in *Section III, Other Information* of the fiscal year 2017 AFR.

6. Reported a Gross Improper Payment Rate of Less Than 10 Percent for Each High-Risk Program Published in the AFR

We reviewed the Payment Integrity Outlook Exhibit 28 in *Section III, Other Information* of the fiscal year 2018 AFR to identify which programs did not report estimates of less than 10 percent.

7. Reported Information on High-Priority Programs

We reviewed the fiscal year 2018 AFR and supporting documentation. We made inquiries to agency officials when warranted.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

During the course of our audit, we did not verify information from any of USDA's electronic information systems, and make no representation regarding the adequacy of any agency's computer system or the information generated from it.

Abbreviations

AFR.....	Agency Financial Report
CACFP.....	Child and Adult Care Food Program
CCC.....	Commodity Credit Corporation
CIGIE.....	Council of the Inspectors General on Integrity and Efficiency
Executive Order	Executive Order 13520 of November 20, 2009, Reducing Improper Payments
FCIC.....	Federal Crop Insurance Corporation
FNS	Food and Nutrition Service
FSA	Farm Service Agency
FSRIP	Farm Security and Rural Investment Act Programs
IPERA.....	Improper Payments Elimination and Recovery Act of 2010
IPERIA.....	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA.....	Improper Payments Information Act of 2002
LDP	Loan Deficiency Payments program
LFP.....	Livestock Forage Disaster Program
NAP.....	Noninsured Crop Disaster Assistance Program
NRCS	Natural Resources Conservation Service
NSLP.....	National School Lunch Program
OCFO.....	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
RMA	Risk Management Agency
SBP	School Breakfast Program
SNAP	Supplemental Nutrition Assistance Program
USDA.....	U.S. Department of Agriculture
WIC.....	Special Supplemental Nutrition Program for Women, Infants, and Children

Exhibit A: USDA's Nine High-Risk Programs

Exhibit A provides a list of USDA's nine current high-risk programs or program categories reported in the fiscal year 2018 AFR.

USDA Agency	High-Risk Program	Fiscal Year 2018 Improper Payment Rate
FNS	1. Supplemental Nutrition Assistance Program (SNAP) SNAP provides low-income households benefits to purchase food from approved retailers.	6.30%
	2. National School Lunch Program (NSLP) NSLP assists States, through cash grants and food donations, in providing a nutritious nonprofit lunch service for school children.	9.43%
	3. School Breakfast Program (SBP) SBP assists States in providing a nutritious nonprofit breakfast service for school children, through cash grants and food donations.	11.04%
	4. Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) WIC provides supplemental nutritious foods and other health services to low-income eligible participating women and children up to age of 5 years.	5.39%
	5. Child and Adult Care Food Program (CACFP) CACFP, through grants-in-aid and other means, assists States with maintaining nonprofit food service programs for children and elderly or impaired adults in day care facilities, and children in afterschool care programs in low-income areas and emergency shelters.	.54%
FSA/CCC	6. Livestock Forage Disaster Program (LFP) LFP provides compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or planted specifically for grazing.	11.92%
	7. Noninsured Crop Disaster Assistance Program (NAP) NAP provides crop loss assistance to producers of commercial crops or other agricultural commodities for which the catastrophic risk protection level of crop insurance is not available.	16.35%
NRCS	8. Farm Security and Rural Investment Act Programs (FSRIP) FSRIP provide financial assistance to help plan and implement conservation practices that address natural resource concerns or opportunities to help save energy, improve soil, water, plant, air, animal, and related resources on agricultural lands and non-industrial private forestland.	.83%

Exhibit A: USDA's Nine High-Risk Programs

USDA Agency	High-Risk Program	Fiscal Year 2018 Improper Payment Rate
RMA	9. Federal Crop Insurance Corporation (FCIC) Program Fund The FCIC Program Fund provides insurance and risk management strategies to American producers.	1.81%

Exhibit B: Status of Prior Year Recommendations

Exhibit B identifies the status of all audit recommendations in the prior year report on USDA’s Fiscal Year 2017 Compliance with Improper Payment Requirements. Additionally, all recommendations from fiscal years 2011 through 2016 have achieved final action and are closed.

Report Number	Fiscal Year	Recommendation	Status
50024-0013-11	2017	1 In accordance with OMB guidance, within 30 days of the determination of noncompliance, FNS should submit to Congress proposed statutory changes to bring Supplemental Nutrition Assistance Program (SNAP) into compliance.	Closed
		2 In accordance with OMB guidance, within 90 days of the determination of noncompliance, FSA should submit a plan to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and OMB, describing the actions that the agency will take to make Noninsured Crop Disaster Assistance Program (NAP) compliant.	Closed
		3 RMA—provide the recomputed fiscal year 2017 fourth quarter high-dollar overpayments to OCFO for republication.	Closed
		4 OCFO, in the next quarterly high-dollar overpayments report publication, include as corrections to previously published reports, RMA actions omitted from the fiscal year 2017 first quarter report and RMA’s corrected amounts for the fiscal year 2017 fourth quarter report.	Closed

Exhibit C: Summary of USDA’s High-Dollar Overpayments Reported for Fiscal Years 2017 and 2018

Exhibit C lists the number and sum of high-dollar overpayments reported for fiscal years 2017 and 2018, by component agency and high-risk program.²⁰

USDA Agency*	High-Risk Program	Number Reported Fiscal Year 2017	Sum Reported Fiscal Year 2017	Number Reported Fiscal Year 2018	Sum Reported Fiscal Year 2018
FSA/CCC	Livestock Forage Disaster Program (LFP)	1	\$42,162	0	\$0
	Noninsured Assistance Program (NAP)	9	\$665,215	19	\$1,384,163
NRCS	Conservation Stewardship Program**	10	\$612,719	14	\$1,173,240
	Environmental Quality Incentives Program**	2	\$85,573	6	\$442,610
RMA	Federal Crop Insurance Corporation (FCIC) Program Fund	34	\$7,920,807	20	\$3,341,706
Totals		56	\$9,326,476	59	\$6,341,719

* FNS did not report any high-dollar overpayments for fiscal year 2018. For each fiscal quarter, FNS submitted statements certifying that it did not identify any high-dollar overpayments meeting the criteria outlined in the OCFO Quarterly High-Dollar Overpayments Report Guidance and was therefore providing a negative report.

** This program is included among NRCS’ high-risk Farm Security and Rural Investment Act Programs (FSRIP).

²⁰ The high-dollar overpayments were excerpted from the reports published on OCFO’s “Quarterly High Dollar Reporting” webpage, available to the public at <https://www.ocfo.usda.gov/plans-reports/QuarterlyHighDollarReporting>, then counted and summed up by component agency and high-risk program.

Exhibit D: Sampling Methodology for USDA’s Fiscal Year 2018 Compliance with Improper Payment and High-Dollar Overpayments Reports Requirements

Objectives

The sampling methodology for our assessment of USDA’s compliance with IPERA for fiscal year 2018 was designed to help support our audit objectives related to determining compliance with improper payment requirements and evaluating USDA’s accuracy and completeness of reporting. We used nonstatistical sampling selections to test the adequacy and completeness of USDA’s risk assessment of programs and activities subject to improper payments reporting.

The sampling methodology for our review of USDA’s fiscal year 2018 quarterly reports on high-dollar overpayments made by high-risk programs susceptible to significant improper payments was also designed to support our audit objectives. We randomly selected reported overpayments for three agencies to verify if the information for the selected overpayments was accurately and properly reported on the quarterly reports. Our selections covered overpayments reported by FSA/CCC, NRCS, and RMA.

Audit Universe and Sample Design

Risk Assessment Selection and Sample

Of the 135 programs and activities deemed “low-risk” in USDA’s inventory, we nonstatistically, but randomly, selected 10 programs and activities risk assessed in fiscal year 2018 using computer-assisted auditing techniques. Our 10 selected programs captured various types of assessments. We reviewed these assessments to determine whether the level of risk determination was reasonable, and in accordance with IPERA, OMB Circular A-123, Appendix C *Requirements for Payment Integrity Improvement*, and OCFO’s fiscal year 2018 USDA IPIA Risk Assessment Guidance.

High-Dollar Overpayments Selection and Sample

We obtained our sampling universe by compiling OCFO’s quarterly reports on high-dollar overpayments, which consisted of 61 overpayments totaling \$6.5 million for USDA’s nine high-risk programs or program categories reported in the fiscal year 2018 AFR.²¹ From this universe, we selected 16 overpayments totaling \$1.8 million for our review. We grouped overpayments into sampling universes by agency by quarter. We then selected random samples of overpayments by grouping FSA/CCC, NRCS, and RMA for our review. We did not plan to make statistical projections from our samples. Therefore, the sample sizes were based on our

²¹ The sampling universe of 61 overpayments totaling \$6.5 million consisted of the 59 overpayments totaling \$6,341,719 as shown in Exhibit C plus 2 overpayments totaling \$174,576 reported by NRCS to OCFO.

Exhibit D: Sampling Methodology for USDA’s Fiscal Year 2018 Compliance with Improper Payment and High-Dollar Overpayments Reports Requirements

judgment regarding evidence to support our objective, not on statistical calculations. We randomly selected overpayments within each grouping for FSA/CCC, NRCS, and RMA to ensure our review was fair and objective.

Results

We reviewed the supporting documentation provided for the samples selected. No exceptions were noted within the 10 samples selected for USDA’s risk assessment, and none were noted in the sample of 16 high-dollar overpayments.

**AGENCY'S
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: May 28, 2019

AUDIT

NUMBER: 50024-0014-11

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Brandon Lipps /s/
Administrator
Food and Nutrition Service

SUBJECT: USDA's Fiscal Year 2018 Compliance with Improper Payment
Requirements

This letter responds to the discussion draft report issued on May 22, 2019, for audit number 50024-0014-11, USDA's Fiscal Year 2018 Compliance with Improper Payment Requirements. While the report makes no new recommendations to the Food and Nutrition Service (FNS), as noted in the language associated with Finding 1 the FNS School Break Program (SBP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) continue to be noncompliant with the Improper Payments Elimination and Recovery Act of 2010 (IPERA).

In the draft report, the Office of the Inspector General (OIG) noted they were not making any new recommendations to FNS based on the letter the agency provided to Congress in the latter part of fiscal year 2018 describing its strategies to address prior noncompliances. FNS appreciates OIG's acknowledgement of this letter, which also included strategies for addressing prior noncompliances in the Supplemental Nutrition Assistance Program (SNAP), the National School Lunch Program (NSLP), and the Child and Adult Care Food Program (CACFP).

FNS will continue to pursue the strategies detailed in the 2018 letter to Congress and will incorporate new strategies as appropriate in a continued effort to bring all of the FNS programs categorized as high-risk into compliance with IPERA.



Farm Production
and Conservation

Performance,
Accountability, and
Risk
Division

External Audits and
Investigations Branch
355 E Street, S.W.,
Stop 0540
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20250

Voice: 202-690-2532
Fax: 202-690-3354

DATE: May 31, 2019
TO: Steve Rickrode
Deputy Assistant Inspector General for Audit
Office of Inspector General
FROM: Kenneth Hill, Director 
Performance, Accountability, and Risk Division
SUBJECT: Response to Discussion Draft – Audit 50024-0014-11: USDA’s
Fiscal Year 2018 Compliance with Improper Payment Requirements

Recommendation 1 to FSA

In accordance with OMB guidance, within 90 days of the determination of noncompliance, FSA should submit a plan to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and OMB describing the actions that the agency will take to make Livestock Forage Disaster Program (LFP) compliant.

FSA Response

FSA will submit a plan describing the action that the agency will take to make LFP compliant by August 30, 2019.

Recommendation 2 to FSA

In accordance with OMB guidance, as part of the annual development of the President’s Budget, FSA should create and submit proposals to OMB during its next budget submission for funding actions that will help bring Noninsured Crop Disaster Assistance Program (NAP) into compliance.

FSA Response

FSA will submit a plan describing the actions that the agency will take to make NAP compliant. FSA estimates this action will be complete no later than August 30, 2019.



**United States
Department of
Agriculture**

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

May 24, 2019

TO: Steven Rickrode
Deputy Assistant Inspector General for Audit

FROM: Lynn Moaney \s\
Deputy Chief Financial Officer

SUBJECT: Management Response to *USDA's Fiscal Year 2018 Compliance with
Improper Payment Requirements*, Audit No. 50024-0014-11

This responds to your request for management's response to Recommendation 3 for Audit Report No. 50024-0014-11.

If you have any questions or need additional information, please contact Kimberly Chapman at (202) 720-8989 or have a member of your staff contact our office at (202) 720-5539.

Attachment

**Improper Payments Elimination and Recovery Act of 2010
Fiscal Year 2018 Report, Audit Number 50024-0014-11**

Recommendation 3

Correct the two NRCS overpayments omitted from the fiscal year 2018 first quarter report and correct the duplication errors in relation to the five NRCS overpayments reported in the fiscal year 2018 third quarter report. Post the corrected versions on OCFO's public-facing "Quarterly High Dollar Reporting" webpage.

Management Response: OCFO concurs with the recommendation and will complete the following actions:

- Publish on OCFO's public-facing "Quarterly High Dollar Reporting" webpage a revised FY 2018 1st Quarter High-Dollar Overpayment Report to include the NRCS overpayments omitted from the report.
- Publish on OCFO's public-facing "Quarterly High Dollar Reporting" webpage a revised FY 2018 3rd Quarter High-Dollar Overpayment Report to correct the duplication errors in relation to NRCS' overpayments.
- Require future High-Dollar Overpayment Reports to have a second analyst compare the final report to agency raw data to ensure the report captures agency data correctly.

Date Corrective Action will be completed: July 30th, 2019

Responsible Organization: OCFO, Fiscal Policy Division

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