Why GAO Did This Study

USDA spends about $20 billion annually on federal programs that support farm income, conserve natural resources, and help farmers manage risks from natural disasters, benefiting over 1 million participants. Given their cost and continuing nationwide budget pressures, these programs have come under increasing scrutiny. One concern has been the distribution of benefits to ineligible participants, including potentially improper payments to deceased individuals, which, as GAO and others have reported, may call into question whether these farm safety net programs are benefiting the agricultural sector as intended. GAO was asked to evaluate USDA controls over payments to the deceased. This report examines the extent to which procedures are in place to prevent (1) FSA and (2) NRCS from making potentially improper payments to deceased individuals and (3) RMA from providing potentially improper subsidies on behalf of deceased individuals. GAO reviewed a random sample of payments, compared USDA’s databases with SSA’s master list of deceased individuals, and interviewed agency officials.

What GAO Found

Since 2007, the Department of Agriculture’s (USDA) Farm Service Agency (FSA), which administers various programs for farmers that help support farm incomes and provide disaster assistance, has established procedures for preventing improper payments to deceased individuals, including, on a quarterly basis, matching payments to program participants with the Social Security Administration’s (SSA) data on deceased individuals. In addition, FSA state and county offices review and verify whether payments made to deceased individuals are proper or improper. Overall, these procedures have enabled FSA to identify thousands of deceased individuals who were paid $3.3 million in improper payments after their dates of death, of which FSA has recovered approximately $1 million. GAO reviewed a generalizable random sample of payments to deceased individuals that FSA identified as proper and found that 9 percent did not have sufficient support to be coded as proper. More monitoring to ensure that county offices’ coding of payments is supported by documentation could help reduce the error rate.

The Natural Resources Conservation Service (NRCS), a USDA agency that administers voluntary conservation programs, does not have procedures to prevent potentially improper payments to deceased individuals. For example, NRCS’s ability to verify whether payment recipients have died is limited because the agency does not match these recipients against SSA’s master list of deceased individuals. Under the standards for internal control in the federal government, agencies are to clearly document such control in the form of management directives, administrative policies, or operating manuals. GAO did a data review for fiscal year 2008 to April 2012, and estimates that NRCS made $10.6 million payments on behalf of 1,103 deceased individuals 1 year or more after their death. Some of these payments may have been proper, but NRCS cannot be certain because it neither identifies which of its payments were made to deceased individuals, nor reviews each of these payments.

USDA’s Risk Management Agency (RMA), which administers crop insurance programs, does not have procedures in place consistent with federal internal control standards to prevent potentially improper subsidies on behalf of deceased individuals. For example, RMA does not use SSA’s master list of deceased individuals to verify whether its policyholders have died. GAO matched every policyholder’s Social Security number in RMA’s crop insurance subsidy and administrative allowance data for crop insurance years 2008 to 2012 with SSA’s master list of deceased individuals and found that $22 million in subsidies and allowances may have been provided on behalf of an estimated 3,434 program policyholders 2 or more years after death. Many of these subsidies and allowances may have been proper, but without reviewing each subsidy and allowance made on behalf of deceased individuals, RMA cannot be certain that these subsidies and allowances are proper. In addition, without accurate records of which policyholders are deceased, RMA may be less likely to rely on results from data mining—a technique for extracting knowledge from large volumes of data—and therefore be less likely to detect fraudulent, wasteful, or abusive crop insurance claims.

What GAO Recommends

GAO recommends that FSA further strengthen its verification of payments to deceased individuals, NRCS develop and implement procedures to prevent improper payments to deceased individuals, and RMA develop and implement procedures to prevent improper crop insurance subsidies on behalf of deceased policyholders and to improve the effectiveness of its data mining. USDA generally agreed with GAO’s findings and recommendations.

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