

## Improper Payments Information Act Reporting Details

### Description of the Risk Assessment Process

Initial reviews of all programs conducted in FY 2004 resulted in no programs were determined to be risk-susceptible for making significant improper payments based on the threshold set by OMB. As a result, OMB permitted Interior to review programs in excess of \$100 million for FY 2005. During FY 2006, managers conduct risk assessments of all programs (meeting OMB's definition of "program") over \$100 million in planned annual outlays to determine if any of these programs were risk-susceptible for making significant improper payments.

### Recovery Audits

Toward the end of FY 2003, the Department selected PRG Schultz to perform recovery audit services. PRG Schultz started working with the Office of the Secretary and performed a pilot effort to set up its program. By the end of FY 2004, all bureaus of the Department had issued a Task Order engaging PRG Schultz to perform recovery auditing services. In FY 2006, all of the Department's bureaus performed recovery audits. Table 4-1 summarizes Interior's recovery audit activities as of September 30, 2006

TABLE 4-1

FY 2006 Recovery Audit Activities							
Amount of Payment Errors	Amount Deemed Not Recoverable	Amount Recovered	Amount Pending Resolution	Found by Internal Agency	Found by Recovery Auditor	Agency Costs	Amount Earned by Contractor
\$4,407,345	\$3,267,756	\$505,743	\$634,926	Not tracked	\$505,743	Not tracked but very minimal	\$101,149

### Conclusion

The result of the risk assessments performed in FY 2006 reaffirmed that none of the programs reviewed pose a high-risk of making significant improper payments. (A summary of the programs reviewed can be found in the Management Discussion and Analysis portion of this report.) Interior will continue to use all cost effective means to keep improper payments to a minimum and pursue recovery when an improper payment is identified.

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