



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240



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FINANCIAL ADMINISTRATION MEMORANDUM NO. 2008-013 (II.J)

To: Director, Office of Acquisition and Property Management  
Bureau Assistant Directors, Administration  
Director, National Business Center  
Bureau Finance Officers  
Bureau Procurement Chiefs

From: Mary C. Braun *Mary C. Braun*  
Chief, Internal Control, Audit Follow Up and Financial Operations  
Office of Financial Management

Subject: Recovery Audits for Improper Payments

The purpose of this Financial Administration Memorandum (FAM) is to provide options for the recovery audit contracts currently administered through the Department of the Treasury by FedSource.

Appendix C to OMB Circular A-123 provides guidance for conducting recovery audits to fulfill the requirements under the Improper Payments Information Act of 2002 (IPIA) and the National Defense Authorization Act for FY 2002, Subchapter VI – Recovery Audits. The law requires each agency to annually identify programs and activities susceptible to improper payments, estimate the amount of improper payments, report that estimate to Congress, and for agencies that enter into contracts totaling more than \$500 million in a fiscal year, to carry out a cost effective program to identify errors in payments and recover amounts erroneously paid.

The Department of the Interior requires annual recovery audits of all payments made to vendors and reports on recovery auditing activities annually in the IPIA portion of the Management's Discussion and Analysis section of the PAR.

The attached correspondence from Treasury, subject: Transition of FedSource Audit Recovery Business, announces that FedSource will no longer support audit-recovery contracts and directs current clients to seek alternative vehicles to meet audit recovery audit requirements. Bureaus and offices may contract with other servicing contracting offices, or they may perform recovery audits with in-house resources.

The choice must be made expeditiously, whichever avenue chosen, and copies of all agreements entered into for Recovery Audit purposes must be sent to PFM. Please take timely action to ensure FY09 commitments are met.

Direct your questions on recovery audits to Lynnell Green at (202) 208-3127 or email at [Lynnell\\_Green@ios.doi.gov](mailto:Lynnell_Green@ios.doi.gov).

Prior Financial Administration Memoranda on this subject: Risk Assessments and Recovery Audits for Improper Payments FAM 2007-004

Attachments