

VOLUME 10, CHAPTER 22: “PAYMENT RECOVERY AUDITS”**SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [May 2021](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current guidance.	Revision
5.2	Streamlined the policy concerning reporting requirements by removing redundant information and referring readers to Section II.4.5 of the Office of Management and Budget Circular A-136, dated June 3, 2022, and Volume 4, Chapter 14.	Revision

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CHAPTER 22

PAYMENT RECOVERY AUDITS

1.0 GENERAL

1.1 Overview

All programs or activities, as defined by Office of Management and Budget ([OMB Circular A-123, Appendix C](#)), with annual payments that exceed \$1 million must implement and utilize a cost-effective recovery audit and activities program to recover improper payments. Recovery audit requirements apply to all types of payments, except for intra-governmental transactions.

1.2 Purpose

This chapter establishes the DoD policy for implementation of recovery audits in accordance with the laws and regulations cited herein.

1.3 Authoritative Guidance

This chapter establishes policies and requirements based on the Payment Integrity Information Act (PIIA) of 2019 ([Public Law 116-117](#)), as codified in [Title 31, United States Code \(U.S.C.\), Chapter 33, Subchapter IV](#). Except for sections specifically noted in the PIIA, the PIIA supersedes and repeals the Improper Payments Information Act of 2002, the Improper Payments Elimination and Recovery Act (IPERA) of 2010 (31 U.S.C. § 3301 note), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (31 U.S.C. § 3321 note). This chapter also incorporates associated implementing guidance found in OMB Circular A-123, Appendix C, and the financial reporting requirements of [OMB Circular A-136](#).

2.0 DEFINITIONS

2.1 Recovery Audit

A recovery audit is a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments, that is specifically designed to identify overpayments. It is not an audit in the traditional sense covered by Generally Accepted Government Audit Standards. Rather, it is a detective and corrective control activity designed to identify and recapture overpayments, and, as such, is a management function and responsibility (OMB Circular A-123, Appendix C).

2.2 Recovery Audit and Activities Program

This is a Component's overall plan for risk analysis and the performance of recovery audits and recovery activities. The agency head will determine the manner and/or combination of

recovery activities to use that are expected to yield the most cost-effective results. These activities should include a management improvement program if appropriate. A copy of the Consolidated DoD Recovery Audit and Activities Program Plan must be provided to the DoD Inspector General (DoDIG) annually.

2.3 Recovery Activities

A recovery activity includes any activity, not defined as a recovery audit (see paragraph 2.1), used by an agency to identify and recapture overpayments. Recovery activities include but are not limited to review of Single Audit reports; self-reported overpayments, statistical samples conducted under PIIA; and agency post-payment reviews.

2.4 Recovery

Recovery refers to the return of a monetary loss-type improper payment to the agency. This can occur as a result of recovery audits or recovery activities.

2.5 Cost-Effective Recovery Audit and Activities Program

A cost-effective recovery audit and activities program is one in which the benefits (i.e., recovered amounts) exceed the costs (e.g., staff, time, resources, or payments for the recovery audit contractor) associated with implementing and overseeing the program. Each agency will determine the most cost-effective combination of recovery activities and recovery audits as part of their Recovery Audits and Activities Program.

2.6 Improper Payment

An improper payment is any payment that should not have been made, or that was made in an incorrect amount, under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments that are made to eligible recipients. An improper payment also includes any payment that was made to an ineligible recipient, for an ineligible good or service, or for goods or services not received (except for such payments authorized by law). See Volume 4, Chapter 14 for additional details on improper payments and reporting requirements.

2.7 Overpayment

An overpayment refers to a payment in excess of what is due. When an overpayment occurs, the improper amount is the difference between the amount due and the amount of which was actually paid. Overpayments are improper payments resulting in a monetary loss.

2.8 Monetary Loss

Monetary loss to the Federal Government is an amount that should not have been paid and in theory should/could be recovered. A monetary loss-type improper payment is an overpayment.

2.9 Recovery Audit Contingency Contract

This type of contract is for recovery audit services in which the contractor is paid for its services as a percentage of overpayments actually collected. Clear evidence of overpayments must be provided by the contractor to the appropriate Component official.

2.10 Post-Award Audit

A post-award audit refers to a post-award examination of the accounting and records of a payment recipient that is performed by a Component official, or an authorized representative of a Component official, pursuant to the audit and records clauses incorporated into the contract or award. An audit is normally performed by an internal or external auditor that serves in an advisory capacity to the Component official. A post-award audit, as distinguished from a recovery audit, is normally performed for the purpose of determining if amounts claimed by the recipient are in compliance with the terms of the award or contract, and with applicable laws and regulations. Such reviews involve the recipient's accounting records, including the internal control systems.

3.0 DoD RECOVERY AUDIT AND ACTIVITIES PROGRAM

3.1 Applicability

3.1.1. As prescribed by OMB Circular A-123, Appendix C, the Component head will determine the manner and/or combination of payment recovery activities to use within the agency's recovery audit and activities program that are expected to yield the most cost-effective results.

3.1.2. If a Component concludes that implementing this type of review for a program or activity is not cost-effective, then it must submit a quantitative justification to the Office of Under Secretary of Defense (Comptroller) (OUSDC), Office of the Deputy Chief Financial Officer (ODCFO), Financial Management Policy and Reporting (FMPR) Directorate, for approval.

3.1.3. When determining the cost-effectiveness of the use of recovery audit contingency contracts, any Defense Finance and Accounting Service (DFAS) resources used to assist the recovery audit contractor must be taken into consideration. This includes the cost of providing government records, researching claims, and recovering amounts due the government. See the OMB Circular A-123, Appendix C, for additional information concerning specific criteria agencies are to consider in determining the cost-effectiveness of a recovery audit and activities program.

3.1.4. Recovery audits will be implemented in a manner designed to ensure the greatest financial benefit to the Component. In most cases the combination of payment recovery activities, predominantly internal controls, are expected to yield the most cost-effective and beneficial results. Recovery Audit and Activities, coupled with the financial management roles and responsibilities for all of the PIIA established programs, will ensure timely overpayment corrective actions and streamlined recoupment processes.

3.1.5. Components will report the results of their recovery audit and activities program in accordance with [section 5.0](#) and OMB Circular A-136, Financial Reporting Requirements.

3.2 Annual Plan Submission

3.2.1. All Components that expend \$1 million or more annually for each program and activity must perform a reassessment of their annual recovery audit plan to determine its validity, and provide any updates or improvements to their plan not later than August 31 of each year, for use during the upcoming fiscal year (FY) to:

OUSD(C)/ODCFO/FMPR
1100 Defense Pentagon – Suite 3D150
Washington, DC 20301-1100

3.2.2. At a minimum, this plan must include:

3.2.2.1. A cost-effectiveness analysis;

3.2.2.2. The estimated total dollar amount of payments by program or activity for the current FY;

3.2.2.3. Any additional collection/recovery audits and/or risk mitigation activities the Component plans to use in addition to its current DoD recovery audit and activities program;

3.2.2.4. The dollar amount of payments the Component plans to review using these additional activities or audits;

3.2.2.5. What entity will perform the recovery audits (internal, external, or contractor resources);

3.2.2.6. The proposed methodology; and

3.2.2.7. The period of review.

3.2.3. In addition, if the Component head determines that performing recovery audit activities is not cost-effective for certain categories of disbursements, as further described in [paragraph 6.2](#), the quantitative justification must be included in this plan.

3.3 Establishing Targets for Recovery Audit and Activities Programs

For each recovery audit and activities program established, annual recovery targets must be set. DoD is required to establish annual targets for their recovery audit and activities programs for each Department established PIIA program (i.e., Civilian Pay, Military Pay for each Branch, Commercial Pay, Travel Pay, Retired and Annuitant) that will drive their annual performance. Targets will be based on the rate of recovery (i.e., the amount of improper contract overpayments recovered divided by the amount of improper contract overpayments identified) and are expected

to be set to show an increase in recoveries over time. Each Component will provide their annual recovery targets to OUSD(C)/ODCFO/FMPR for review and approval (see paragraph 3.2). The OUSD(C)/ODCFO/FMPR, in turn, will submit targets to OMB for review as part of the annual approval process of Agency Financial Reports (AFR) and Performance and Accountability Reports (PAR), coupled with the OMB Annual PIIA Tables and Data call submission.

4.0 OVERPAYMENT IDENTIFICATION

While it is preferable that Components focus efforts toward preventing overpayments from occurring, it is important for Components to have cost-effective means to both identify and recover overpayments if they do occur. Components use a variety of policies and activities to identify and recover overpayments. The following subsections and examples, which come directly from the OMB Circular A-123, Appendix C guidance, are not meant to provide an exhaustive list of overpayment identification methods, rather they are meant to help Components strengthen their overpayment identification processes. Each Component must determine the most cost-effective method for their particular circumstances.

4.1 Reviews

Reviews are a mechanism Components use to assist with identification of overpayments across the Federal Government. This includes but is not limited to activities such as improper payment risk assessments conducted under PIIA, agency post-payment reviews, Budget Execution Monthly Reviews, Dormant Account Reviews, monitoring debt collection software to track recovery of overpayments, SF-50 vs. SF-52 validation, and Sampling and Estimation Methodology Plans conducted under PIIA.

4.2 Audits

The use of audits is a common mechanism that assists in identifying overpayments. Examples include but are not limited to performance of post-award audits, recovery auditing techniques such as data matching with Federal, State, and local databases, audit reports, GAO audits, DoDIG audits, and the results of the agency audit resolution and follow-up process.

4.3 Data Analytics

Using data analytics to identify overpayments is not only beneficial for identifying overpayments after they have occurred, but establishing a robust data analytics effort can move an agency from a “pay-and-chase” approach to a predictive approach allowing the agency to identify potential improper payments before they even occur. There are a wide range of analytics techniques available such as rule-based, anomaly detection, predictive analytics, network/link analytics, or text analytics. Examples of analytics approaches used to identify overpayments include, but are not limited to, using data analytics to monitor and detect misuse in ongoing complex contracts, to monitor and detect misuse in Government purchase cards, for identifying above average payments to a vendor, for identification of duplicate payments, or to identify amounts exceeding purchase orders.

4.4 Reports

While reports are in a “pay-and-chase” status, programs can often use the reports to help identify weaknesses in internal controls that, if strengthened, could prevent future overpayments from occurring. Examples of such reports include, but are not limited to, GAO reports, reports from the public such as new media, or self-reported errors.

4.5 Reconciliations

Reconciliations are a common accounting mechanism which identify overpayments. Examples include but are not limited to conducting contract reconciliations by comparing invoices, receiving reports, and payments; verifying the terms of the contract have been met and are properly recorded, performing reporting and accounting outlays reconciliations, performing service provider payroll disbursement reconciliations, performing general ledger gross pay file reconciliations, or reconciling employee data with the accounting and disbursing systems. When overpayments are identified through reconciliation programs, Components should review their internal controls and determine whether additional mitigation strategies should be established to prevent the overpayments from occurring in the future.

5.0 REQUIRED REPORTING

5.1 Annual Reporting

Components must report annually on their recovery audit and activities programs. Components must consult with the DFAS Enterprise Audit Support & Compliance to ensure proper coverage of improper payments and payment recovery actions and to prevent duplicate reporting. Components must inform OUSD(C)/ODCFO/FMPR if suspension or limitation occurs in the Component monitoring/oversight activities. In order to meet the AFR reporting schedule, Component reporting of their recovery audit and activities program is due no later than the dates established in the annual Consolidated DoD Recovery Audit and Activities Program Plan.

*5.2 OMB Circular A-136 Required Reporting

5.2.1. The DoD must report in accordance with the annual update to OMB Circular A-136, Financial Reporting Requirements. The following must be addressed in the AFR or PAR:

5.2.1.1. Actions taken to address auditor recovery recommendations; and

5.2.1.2. Fraud reduction reporting. Instances of potential fraud discovered through recovery audit activities must be reported in accordance with Volume 5, Chapter 6.

5.2.2. Refer to OMB Circular A-136, Section II.4.5 (Payment Integrity Information Act Reporting), and Volume 4, Chapter 14, for Payment Integrity Information Act Reporting requirements.

6.0 SCOPE OF DoD RECOVERY AUDIT ACTIVITIES

6.1 Dollar Threshold

All programs and activities that expend \$1 million or more annually, including grant, benefit, loan, and contract programs, must be considered for recovery audits. All classes of contracts and contract payments, as well as all other types of payments (excluding intra-governmental transactions), must be considered for recovery audit activities. Components that disburse payments must review the different types of payment categories and identify those categories that have a higher potential for recoverable payment errors that will ensure the greatest financial benefit to the government. Once this assessment is performed, the Component must then determine the overall cost-effectiveness of performing recovery audits.

6.2 Possible Exclusions

Agencies may exclude payments from certain programs from recovery audit activities if the agency determines that recovery audits are not a cost-effective method for identifying and recovering overpayments or if other mechanisms to identify and recover overpayments are already in place. Common mechanisms used to identify overpayments within a recovery audit include: statistical samples and risk assessments, agency post-payment reviews, prior payment recovery audits and activities, Office of Inspector General reviews, Government Accountability Office reports, self-reported errors, reports from the public, audit reports, and the results of the agency audit resolution and follow-up process. If an agency elects to exclude a class of payments or contracts from payment recovery activities or audits, the justification for this exclusion must be included in their annual plan and annual report (see [sections 3.0](#) and [5.0](#)).

6.3 Required Root Cause Analysis

In addition to identifying and documenting specific overpayments resulting from payment errors, any entity performing recovery audits must also analyze the reasons why payment errors occurred and, where appropriate, recommend cost-effective controls to prevent such overpayments in the future. These results must be presented to management on a regular basis. The results of such analysis, and related recommendations, should be considered by the Component as part of its management improvement program. The Component will provide such information to DFAS, the DoDIG, and where applicable, the IG of the Military Service.

7.0 ROLE AND RESPONSIBILITIES OF THE DoD COMPTROLLER'S OFFICE

7.1 Role

To facilitate compliance with OMB Circular A-123, Appendix C, the ODCFO assigned reporting responsibility for this function to the OUSD(C), FMPR Directorate. This reporting function is part of the OUSD(C) oversight responsibility for DoD's annual recovery audit reporting in the AFR.

7.2 Responsibilities

The Comptroller's FMPR Directorate is responsible for:

7.2.1. Serving as the Executive Agent (EA) for the DoD Payment Integrity program. As the EA for the DoD Payment Integrity program, the FMPR Directorate provides oversight to the DoD Components to ensure compliance with the PIIA and/or OMB Circular A-123, Appendix C, requirements;

7.2.2. Reviewing the Components' annual recovery audit plan submissions as described in paragraph 3.2 to ensure completeness;

7.2.3. Reviewing the annual submission of recovery audit reports described in section 5.0 to ensure the reporting requirements are met;

7.2.4. Preparing and submitting Department-wide recovery audit results and mandatory reports as described in OMB guidance, and any related information for submission to OMB, publication in the AFR, and other required reporting; and

7.2.5. Preparing the Department-wide recovery audit and activities plan reassessment based on pertinent overpayment recovery methods or improvements identified by the Components during the FY, for submission to the DoDIG.

8.0 ROLE AND AUTHORITY OF THE OFFICE OF THE INSPECTOR GENERAL (IG)

8.1 No Impairment of Inspectors General Authority

Nothing in this policy should be construed to impair the authority of an IG under the [Inspector General Act of 1978](#), as amended, or any other law. However, because the recovery audit program required by this policy is an integral part of Components' internal control over payments, and therefore a management function, independence considerations would normally preclude the IG and other Component external auditors from carrying out management's recovering audit program.

8.2 Effectiveness Assessment

The IG, as well as other authorized auditors, are encouraged to assess the effectiveness of Components' recovery audit programs as part of their internal control assessment on existing audits (e.g., the annual financial statement audit, or as a separate audit).

9.0 SOURCES TO PERFORM RECOVERY AUDITS

Recovery audits may be performed by employees of the Components, by any other Component, department, or agency of the U.S. Government acting on behalf of the Component, or by private sector contractors performing recovery audit services under contracts awarded by the Component, or any combination of these options.

10.0 RECOVERY AUDIT SERVICES PERFORMED BY CONTRACTORS

10.1 Use of External Contractors

When Components have determined that using external post-payment recovery audit contractors (i.e., recovery audit contingency contract) is the most cost-effective plan, they must update their current recovery audit plan with the detailed cost effectiveness breakdown, including terms of the contract, and submit to OUSD(C) FMPR for approval prior to executing the contract. These private sector firms may, with the consent of the employing Component, communicate with the Component's contractors for the purpose of verifying the validity of potential payment errors they have identified. In addition, to avoid confusion with established accounts receivable/debt management processes, Components must coordinate with the DFAS, [Enterprise Solutions and Standards](#), Accounts Receivable Office (JJA) at 8899 East 56th Street, Indianapolis, IN 46249 to determine whether direct communication with the Component's contractors is authorized.

10.2 Contingency Fee Requirement

Contracts entered into by Components to obtain recovery audit services from the private sector are limited to contingency contracts that pay the contractor an amount equal to a negotiated percentage of the total amount collected by the United States for valid claims of overpayment. However, certain types of payments recovered may not be available to pay the recovery audit costs (for instance, amounts recovered due to interim improper payments made under ongoing contracts if these amounts are still needed to make subsequent payments under the contract, or amounts recovered from closed accounts). Components may allow contracted recovery auditors to establish a presence on, or visit, the property, premises, or offices of any subject of recovery audits. Such physical presence is not prohibited, and may allow the recovery auditor to perform a more thorough review of the subject's payments and related documentation.

10.3 Actions of External Contractors

The recovery audit contractor may, with the consent of the contracting Component, notify entities, including individuals, of potential overpayments made to those entities, respond to questions concerning potential overpayments, and take other administrative actions with respect to overpayment claims made, or to be made, by the Component.

10.4 External Contractor Prohibitions

In addition to provisions that describe the scope of recovery audits (and any other provisions required by law, regulation, or Component policy), any contract with a private-sector firm for recovery audit services will include contract provisions that prohibit the recovery audit contractor from:

10.4.1. Having the authority to make a final determination relating to whether any overpayment occurred or whether to compromise, settle, or terminate an overpayment claim;

10.4.2. Requiring production of any additional records or information from the Component's contractors. Only duly authorized employees of the Component can compel the production of information or records from the Component's contractors, in accordance with applicable contract terms and DoD regulations;

10.4.3. Using or sharing sensitive financial information with any individual or organization, whether associated with the Federal Government or not, that has not been officially released for use by the general public, except for an authorized purpose of fulfilling the recovery audit contract; or

10.4.4. Disclosing any information that identifies an individual, or could reasonably be used to identify an individual, for any purpose other than as authorized for fulfilling its responsibilities under the payment recapture audit contract.

10.5 Safeguarding Confidentiality

Components will require the recovery audit contractor to take steps to safeguard the confidentiality of sensitive financial information that has not been released for use by the general public and any information that could be used to identify a person.

10.6 Minimum Contract Requirements

At a minimum, each contract for recovery audit services will require the contractor to:

10.6.1. At least quarterly, provide reports to the DoD disbursing Component on the root cause conditions causing the overpayments identified and recommendations on how to mitigate such conditions;

10.6.2. Notify the DoD disbursing Component of any overpayments identified by the recovery audit contractor pertaining to any Component that is beyond the scope of the contracts; and

10.6.3. Report potential instances of fraud immediately to the DoD disbursing Component for which it is performing the contract. The Component will further review and refer to its IG, if appropriate. Contractors and all personnel performing recovery audits must be trained to recognize evidence of fraud and vulnerability to fraud.

11.0 RECOVERY AUDIT COLLECTION ACTIVITY

Actual collection activity must be carried out by federal employees, or nonfederal entities expending federal awards, as appropriate. However, Components or nonfederal entities may use another private sector entity, such as a private collection agency, to perform this function if this practice is permitted by applicable laws and regulations governing collection of amounts owed to the Federal Government.

12.0 DISPOSITION OF AMOUNTS RECOVERED

12.1 Amounts Collected

PIIA and 31 U.S.C. Chapter 33 prescribe that amounts collected under a recovery audit program from expired discretionary fund accounts are available to reimburse the actual expenses incurred by a Component in administering the program, and to pay contractors in accordance with applicable law and regulation, if appropriate. As prescribed by [31 U.S.C. § 3352\(i\)\(2\)\(H\)](#), the disposition guidance in [paragraph 12.2](#) does not apply to the recovery of an overpayment if the appropriation from which the overpayment was made has not expired. In those cases, the collection will be credited to the appropriation or funds from which the original disbursement was made. As prescribed by OMB Circular A-123, Appendix C, any recovered overpayments that pertain to canceled/closed appropriations must be credited to Treasury Miscellaneous Receipts. Please refer to the OMB Circular, A-123, Appendix C, pages 38-42, for flowcharts and tables depicting the disposition requirements.

12.2 Uses of Amounts Collected

Except as provided in [paragraph 12.3](#), 31 U.S.C. § 3352(i)(2) requires that any expired discretionary amounts collected (recovered) through recovery audits, that were appropriated after the date of IPERA's enactment (July 22, 2010), and that are not used to reimburse expenses of the Component or pay recovery audit contractors under [paragraph 12.1](#), may be used in the following manner:

12.2.1. Up to 25 percent of the recovered funds may be used to supplement (but not supplant) any other amounts available to support the Component's financial management improvement program, and will remain available until expended. Such funds can be passed to nonfederal entities, such as state and local governments, if the agency determines that is the best disposition of the funds to support its financial management improvement program;

12.2.2. Up to 25 percent of the recovered funds may be used for the original purpose of the fund. The funding will be credited to the appropriation or fund, if any, available for obligation at the time of collection for the same general purposes as the same appropriation or fund for which the overpayment was made, and will remain available for the same period of availability and purposes as the appropriation or fund to which credited;

12.2.3. Up to 5 percent of the recovered funds may be made available to the Component's IG. The IG may use this funding to carry out the law's requirements, and perform other activities relating to investigating improper payments or auditing internal controls associated with payments. This funding will remain available for the same period of availability and purpose as the appropriation or fund to which it is credited; or

12.2.4. The remainder of the recovered expired or closed/canceled discretionary funds that are not applied in accordance with subparagraphs [12.2.1 through 12.2.3](#) must be deposited in the Treasury as miscellaneous receipts, except recoveries of overpayments that are made from trust or special fund accounts must revert to those accounts (31 U.S.C. § 3352(i)(2)(H).)

12.3 Return of Collections to Original Appropriation

As prescribed by OMB Circular A-123, Appendix C, recovered overpayments from unexpired discretionary fund accounts (still available for obligation) that were appropriated after enactment of IPERA (July 22, 2010) must be credited to the account from which the overpayments were made without using it for any purposes outlined in [paragraphs 12.1](#) or [12.2](#). Recovered overpayments from revolving funds, working capital funds, non-appropriated funds, and appropriations with indefinite periods of availability must be refunded to such accounts.

12.4 Other Uses of Collections

When required or authorized by other provisions of law, any funds remaining after reimbursing the actual expenses for the administration of the program and paying recovery audit contractors may be credited to the non-appropriated fund instrumentality, revolving fund, working capital fund, trust fund, or other fund or account from which the improper payments were made. For example, a recovery audit contractor may identify an improper payment during its review of a Defense Agency's working capital fund. Upon recovery of the payment, the Component could use the proceeds recovered to reimburse the Department's administration expenses and pay the recovery audit contractor's contingency fee. The remaining balance, if any, could then be credited back to the Component's working capital fund.

12.5 Contingency

Contingency fee contracts will preclude any payment to the contractor performing recovery audit services until the recoveries are actually collected by the Component.

12.6 Accounting for and Reporting Collections

All funds collected, and all direct expenses incurred, as part of the recovery audit and activities program will be accounted for specifically. The identity of all funds recovered must be maintained to facilitate the crediting of recovered funds to the correct appropriations, to identify applicable time limitations associated with the appropriated funds recovered, and to allow for required reporting in compliance with OMB Circular A-136.

12.7 Unconfirmed Overpayments

Overpayments that are identified by a recovery auditor, but that are subsequently determined not to be collectable or not to be improper, will not be considered "collected" for disposition purposes outlined in this section.

12.8 Separate Statutory Authorities

Programs and payments that have separate statutory authority and requirements to conduct recovery audits are not required to follow the disposition of recovered funds outlined in [section 12.0](#) or [13.0](#) (in accordance with OMB Circular A-123, Appendix C). As an example, the General Services

Administration audits transportation payments for improper payments. Reference Chapter 13 for additional details.

13.0 DISPOSITION OF RECOVERED AMOUNTS BEFORE IPERA

Components may review payments made from appropriations that were enacted before IPERA was signed into law (July 22, 2010), and have the same authorities to credit collections as existed before IPERA was enacted. OMB Circular A-123, Appendix C, provides detailed guidance for the disposition of recovered amounts prior to IPERA enactment. For recoveries of funds appropriated prior to IPERA's enactment, Components may use the recovered funds for reimbursement of Component expenses and to pay the recovery audit contractor. For those funds appropriated prior to IPERA's enactment that have expired, and after reimbursement of Component expenses and payment to the recovery audit contractor, any remainder of the recovered funds must be returned to the expired account(s). If the appropriation is canceled, the funds must be credited to Treasury Miscellaneous Receipts.

14.0 GRANT PROGRAMS

Components whose grant programs fund significant contract activity by grant recipients may consider including contracts at the grant recipient level in their recovery audit and activities program. Components can engage contractors on a contingency basis to the extent otherwise authorized by law.