



ANNUAL REPORT ON THE COMMONWEALTH'S RECOVERY AUDIT PROGRAM

As required by § 2.2-1822.1 of the Code of Virginia (1950, as amended)

Presented to

The Honorable Walter A. Stosch, Co-Chair

and

The Honorable Charles J. Colgan, Co-Chair

Senate Finance Committee

and

The Honorable S. Chris Jones, Chair

House Appropriations Committee

Presented by

David A. Von Moll, State Comptroller

December 23, 2014

Commonwealth of Virginia
Annual Report to the Senate Finance and House Appropriations Committees
Recovery Audit of State Agencies and Institutions
December 23, 2014

In accordance with section 2.2-1822.1 of the *Code of Virginia* the Department of Accounts entered into a contract with PRG-Schultz USA, Inc. (auditors) in early 2005 for recovery audit services. The audit process involved review of state agency expenditures made to vendors for payment for goods and services. Reports regarding the status of these services have been submitted to the respective Chairs of the Senate Finance and House Appropriations Committees since the inception of the contract.

The contract with PRG-Schultz expired on December 31, 2008. Fiscal year 2007 was the last period audited by PRG-Schultz in accordance with that contract.

Under the prior contract, the recovery audit process collected \$502,517 in overpayments during fiscal years 2002, 2003, and 2004. Fiscal years 2005 and 2006 yielded \$304,750 in recovered overpayments. Finally, only \$173,300 was recovered as duplicate payments from fiscal year 2007 expenditures.

The recovery amounts were low in comparison to other Federal and State recovery reviews performed by the contractor. In fact the recovery audit contractor, PRG-Schultz USA, Inc. stated in their final report that, “the Commonwealth of Virginia is to be complimented for several procedures which support the minimal overpayment of disbursements.” As a result, there has been no cost recovery audit activity since the expiration of the contract and therefore no additional information to report.

The Department of Accounts will re-implement the cost recovery audit program and issue a Request for Proposal (RFP) in 2015 to again procure recovery audit services.