



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 Thomas K. Norment, Jr., Co-Chair
and**

**The Honorable Emmett W. Hanger, Jr., Co-Chair
Senate Finance Committee**

and

**The Honorable S. Chris Jones, Chair
House Appropriations Committee**

Presented by

David A. Von Moll, State Comptroller

December 19, 2017

Commonwealth of Virginia
Annual Report to the Senate Finance and House Appropriations Committees
Recovery Audit of State Agencies and Institutions
December 19, 2017

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 had been no cost recovery audit activity since the expiration of the contract and therefore no additional information to report.

The Department of Accounts (DOA) issued a Request for Proposal (RFP) in 2015 to procure cost recovery audit services. The RFP process did not result in a new cost recovery audit contract being awarded. Accordingly, there is no additional collection information to report.

Based on the relatively low cost recovery amounts reported by PRG-Schultz USA, Inc., and the response to the 2015 RFP, DOA does not plan to pursue cost recovery audit services at this time.