



United States Department of the Interior

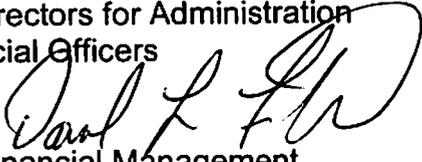
OFFICE OF THE SECRETARY
Washington, DC 20240

OCT - 6 2009



FINANCIAL MANAGEMENT MEMORANDA 2009-092 (Vol. IX.F)

To: Bureau Assistant Directors for Administration
Bureau Chief Financial Officers

From: Daniel L. Fletcher 
Director, Office of Financial Management

Subject: Update to October 24, 2008, Improper Payment Information Act Guidance

All programs that were base-lined in 2006 are required to do a risk assessment in 2009. This risk assessment may be documentation that demonstrates that the program has not significantly changed since 2006 and thus the risk assessment for 2009 is the same as 2006. The review must be completed and the results documented to ensure compliance.

To facilitate the completion of these reviews, a section has been added to the bottom of the form to indicate that a review has taken place on a certain date and the action the results indicate. Please see the new copy of the Risk Rating Worksheet. A copy of the revised form is attached.

The October 24, 2008, memorandum also is attached for your information.

If you want more information about estimating and reducing erroneous payments, please copy and paste the following link into your browser <http://www.cfoc.gov>, or visit the OMB web site and perform a search on IPIA.

Should you have questions or require additional information regarding this request, please contact Lynnell Green (Lynnell_Green@ios.doi.gov).on (202) 208-3127.

Attachments

cc: Financial Statement Guidance Team
Finance Officers Partnership

Cancelled FMMs: n/a

Additional FMMs on the Subject: 2009-010 (risk assessments); 2009-031 (IPIA)

Risk Rating Worksheet - Improper Payments (Revised 10/2009)

PROGRAM TITLE _____

ANNUAL PROGRAM OUTLAYS \$ _____

ESTIMATED ANNUAL NUMBER OF PROGRAM PAYMENTS _____

ANNUAL ESTIMATED AMOUNT OF IMPROPER PAYMENTS \$ _____

% OF ANNUAL NUMBER OF PAYMENTS MADE IMPROPERLY _____

RISK RATING: High _____ Medium _____ Low _____

Use separate sheets of paper as necessary to respond to each of the following:

- 1) PROVIDE THE CRITERIA USED TO DETERMINE THE RISK RATING.
- 2) LIST SIGNIFICANT WEAKNESSES.
- 3) SUMMARIZE THE RATIONALE/DECISIONS SUPPORTING THIS ASSESSMENT.
- 4) PROVIDE THE NAMES AND TITLES OF THE PRIMARY CONTRIBUTORS PREPARING THIS RISK ASSESSMENT.
- 5) ANNUAL REVIEW (Although the U.S. Department of the Interior has approval to conduct Risk Assessments every three years, Bureaus/Offices must identify susceptible programs on an annual basis (programs with changes in funding of \$100M or more) to ascertain whether an assessment is necessary.)

Results:

This program was reviewed by _____ on ___/___/___

___ Program was reviewed and there has **not** been significant change since 2006.

___ Program was reviewed and there **has** been significant changes since 2006. The following actions have been taken:

6) BUREAU PROGRAM/ACTIVITY CONTACT:

Name: _____

Phone Number: _____

Email: _____



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240



OCT 2 2008

Memorandum

To: Bureau Assistant Directors
Director, National Business Center
Bureau Finance Offices
Finance Officer, Office of the Secretary

From: Michael Powers 
Associate Director
Office of Financial Management

Subject: Annual Risk Assessment and Recovery Audit for Improper Payments

The purpose of the memorandum is to remind bureaus of requirements established by the Improper Payments Information Act (IPIA) of 2002 (PL 107-300) 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.

Risk Assessments:

Agencies need not conduct risk assessments for those programs where improper payment baselines are already established. However, if a program experiences a significant change in legislation and/or a significant increase in funding level, agencies are required to re-assess the program's risk susceptibility during the next annual cycle, even if it is less than three years from its last risk assessment. Attachment 1 shows Interior's Funding by Account. The gray shaded programs were base lined in 2006 and need not be re-assessed. Highlighted in yellow are the 2009 programs that require an assessment.

Bureau's requiring an assessment must prepare and complete a Risk Rating Worksheet (Attachment 2) for each program reviewed. Guidance on conducting risk assessment is included at Attachment 3. PFM requires copies of the Risk Rating Worksheets on or before January 16, 2009. It is very important to retain the risk assessment worksheets for all programs reviewed (including those determined to be medium or low risk). The bureaus' management control official retains these documents and makes them available for audit or other review should that be necessary.

Recovery Audits:

Appendix C to OMB Circular A-123 requires agencies to have a cost effective program of internal control to prevent, detect, and recover overpayments to contractors resulting from payment errors. Recovery audits may be performed by agency employees, other departments or agencies of the U.S. Government acting on behalf of the agency, or contractors performing recovery audit services under contracts awarded by the agency.

Each of you should have FY 2009 audit recovery processes in place. If you have decided to continue with PRG Shultz, provide a copy of the two-page agreement or Task Order. If you chose to go with another vendor/source for the recovery audit process, please forward a copy of the agreement with that vendor/source. PFM requires copies of the agreements by December 31, 2008.

Improper payment and recovery summaries are due to PFM the 15th day after the close of a quarter. Those bureaus not utilizing PRG Shultz, must submit recovery results in the format required by OMB Circular A-136, II.5 V, Recovery Audit Reporting found in Other Accompanying Information – PAR Section 4.

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Attachments

**cc: Deputy Assistant Secretary, Business Management and Wildland Fire
Bureau Chief Financial Officers
Audit Liaison Officers**

<http://www.doi.gov/budget/2009/>
Interior Funding By Account

Bureau	Estimated FY06 Outlays	Estimated FY 09 Outlays
Program reviewed in 2006 and base lined		
Program to Re-review in 2009		
BLM		
Management of lands and resources	\$854,000,000	\$864,827,000
Wildland fire management	\$811,000,000	To Departmental
Oregon and California grant lands	\$109,000,000	\$108,253,000
GS		
Surveys, investigations and research	\$922,000,000	\$968,516,000
MMS		
Royalty and offshore minerals management	\$325,000,000	\$154,270,000
Mineral Leasing and Associated Payments		\$2,644,361,000
OSM		
Regulation and Technology	\$110,000,000	\$118,452,000
BOR		
Water and Related Resources	\$940,000,000	\$816,197,000
FWS		
Resource management	\$1,109,000,000	\$1,068,886,000
Federal Aid in Wildlife Restoration	\$235,000,000	\$347,746,000
NPS		
Operation of the national park system	\$1,738,000,000	\$2,131,529,000
Construction and Major Maintenance	\$465,000,000	\$173,096,000
BIA		
Operation of Indian programs	\$2,271,000,000	\$1,988,290,000
Construction	\$334,000,000	\$173,261,000

Risk Rating Worksheet - Improper Payments

PROGRAM TITLE _____

ANNUAL PROGRAM OUTLAYS \$ _____

ESTIMATED ANNUAL NUMBER OF PROGRAM PAYMENTS _____

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5) BUREAU PROGRAM/ACTIVITY CONTACT: _____

Phone Number:

Four Step Risk Assessment Process:

Step 1: Review programs exceeding \$100 million in annual outlays to determine if there have been any significant changes in legislation and /or significant increases in funding levels affecting these programs. These changes would precipitate a risk assessment of those programs for improper payments. NOTE: do not include programs already identified and base-lined in FY 2006 (refer to Attachment 1).

Step 2: For the programs determined to be susceptible to significant improper payments, perform a statistically valid estimate of the annual amount of improper payments in programs and activities.

Step 3: For the programs determined to be susceptible to significant improper payments, prepare and implement a plan to reduce improper payments.

Step 4: For the programs determined to be susceptible to significant improper payments, agencies shall report through its Performance and Accountability Reports, to the President and Congress, estimates of the annual amount of improper payments in these programs and the progress in reducing them.